

FOREIGN PRESS SURVEY



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EUROPE
Economic Review



In This Issue...

EASTERN EUROPE

Highlights of Economic Reforms, Policies, and Performance in:

- ALBANIA
- BULGARIA

- CZECHOSLOVAKIA
- HUNGARY

- POLAND
- ROMANIA

18 Dec 1992
Vol I, No 45

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Europe Economic Review is a subseries of FOREIGN PRESS SURVEY published by the East and West Europe Divisions of Europe/Latin America Group with contributions from FBIS overseas bureaus. **Europe Economic Review** is intended to supplement coverage of European economic issues by the FBIS Daily Report for West and East Europe, the JPRS East Europe Report, and other FBIS publications. Foreign news, feature, and editorial reports selected for summary in this publication normally do not appear as full-text translations in other FBIS publications.

The contents of **Europe Economic Review** consist of abstracts of foreign media coverage of European economic developments under two main geographic headings:

--Western Europe: Drawing on West European, Canadian, and Turkish media, this section reports on national and regional economic issues, focusing on economic competitiveness, key industries, regional economic integration, internal economic policies and performance, and foreign trade and investment.

--Eastern Europe: Citing East European and, where appropriate, other foreign media sources, this section highlights East European efforts to rebuild national economies and achieve integration into the European Community and the global economy, focusing on policy debates and practical action geared toward the implementation of internal economic reforms and industrial restructuring and on developments in foreign trade, cooperation, and investment from national and regional perspectives.

Under these two main headings, summaries of foreign media reports on all categories of economic issues generally are grouped under subheadings by subject, country, or region.

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A L B A N I A

EC TRADE COOPERATION AGREEMENT TAKES EFFECT: The agreement on the economic and trade cooperation between Albania and the EC signed in Brussels on 11 May 1992 took effect on 1 December. The EC will help Albania adhere to international organizations and institutions. (Tirana ATA in English 0923 GMT 2 Dec 92 AU)

UNEMPLOYMENT EXCEEDS 25 PERCENT: In an interview with the newspaper ZERI I RINISE, the prime minister's economic adviser spoke intensively about the course of economic reform. He stated that reform is presently in its first stage -- stabilization and liberalization. The country is now experiencing an increase in industrial production. What is obstructing the reform is the great number of unemployed, which exceeds 220,000 persons, that is, more than 25 percent of the active labor force. (Tirana ATA in English 1125 GMT 3 Dec 92 AU)

MEDITERRANEAN AQUACULTURE CONFERENCE: A conference on Mediterranean aquaculture development, organized by FAO [UN Food and Agriculture Organization] and the UNDP [UN Development Program], began its proceedings in Tirana. A total of 18 member countries of this project attended the conference. (Tirana ATA in English 1133 GMT 8 Dec 92 AU)

TIRANA DISTRICT CONTRIBUTION TO STATE BUDGET: The income of Tirana District to the state budget represents about 25 percent, and this figure keeps increasing. The state and private units overfulfilled their planned deposits for 1992 by 100 million leks. (Tirana ATA in English 1135 GMT 8 Dec 92 AU)

CONSTRUCTION ENTERPRISES SEEK JOINT VENTURES: Constant efforts have been made in the construction sector to create joint ventures with foreign firms. The Bricks Factory in Lushnje agreed to establish a joint venture with an Italian firm. Other construction enterprises in Korce, Erseke, and Diber are negotiating with another Italian firm from Bari. An Italian firm will supply building materials to complete construction of Banje Hydropower Station. (Tirana ATA in English 1128 GMT 8 Dec 92 AU)

DONOR COUNTRIES MEET ON AID COORDINATION: Upon the initiative by the Albanian Government, representatives of donor countries gathered in Tirana on 8 December to discuss better coordination of aid granted to Albania at these difficult moments of economic reform. Albanian officials also participated in this meeting. The EC representative in Albania briefed the participants on EC aid projects. (Tirana ATA in English 1125 GMT 9 Dec 92 AU)

U.S., BELGIAN BUSINESSMEN DISCUSS INVESTMENTS: A group of U.S. businessmen arrived on a working visit to discuss several projects in various sectors of our economy. Their projects include tourism, production of chemical fertilizers, copper, chrome, and marble. A delegation of Belgian businessmen arrived in our country to discuss chances for conducting business and making investments. (Tirana ATA in English 1142 GMT 9 Dec 92 AU)

TRANSALBANIA JOINT VENTURE INAUGURATED: With the establishment of the new Albanian-German Joint Venture Transalbania, the powerful firm of goods transportation Kuehne Nagel International accepts Albania as its 67th member. An inauguration ceremony was held on this occasion at Dajti Hotel in Tirana. This joint venture will give a new impulse to Albanian transportation. Concerning transportation, Albania holds a key position between East and West. As partner of a large firm, Transalbania Joint Venture will know how to take advantage of Albania's geographical position and make use of the resources, experience, and potential of Kuehne Nagel International to increase the efficiency of Albanian transportation. The chairman of the German-Albanian Joint Economic Commission stated that with the establishment of this joint venture, German-Albanian economic relations will gain fresh impetus. (Tirana ATA in English 1104 GMT 20 Nov 92 AU)

VLORE MAYOR, PUGLIA BUSINESSMEN DISCUSS COOPERATION: A group of private businessmen from the region of Puglia, Italy, recently visited the city of Vlore. In a roundtable talk, Vlore mayor and Puglia businessmen discussed what the Vlore District can offer to Italian businessmen and industrialists. They also discussed several specific joint projects. (Tirana ATA in English 1115 GMT 29 Nov 92 AU)

VLORE BUSINESS PROMOTION OFFICE: A business office has recently begun its activity in Vlore. The office covers most of the regions of southern Albania, providing data on markets, enterprises, industry sectors, etc. Its main goal is to help new businessmen with their projects and encourage the establishment of small and medium-sized private enterprises. (Tirana ATA in English 1157 GMT 23 Nov 92 AU)

CHAMBER OF COMMERCE ASSISTS NEW BUSINESSMEN: In an interview, Albanian Chamber of Commerce Chairman Ligor Dhamo explained the new functions that the chamber has assumed. From now on, the chamber will provide new private businessmen with data on markets, prices, the establishment of contacts, visas, etc. It will also help them become familiar with laws, decisions, and rules concerning economic and trade cooperation between our country and other countries. (Tirana RILINDJA DEMOKRATIKE in Albanian 12 Nov 92 AU)

SLOVENIAN FIRMS ORGANIZE FAIR: A total of 68 Slovenian firms showed their economic potential in a fair organized at the Economic Center in Tirana. Many of these firms lost their markets due to the political unrest in the former Yugoslavia. A news conference was held on this occasion. (Tirana ATA in English 1106 GMT 21 Nov 92 AU) The fair Slovenian Firms in Albania, which ran for eight days at the Economic Center in Tirana, closed. The results of this fair were 17 contracts established with Slovenian firms on improving the Albanian telephone network and the system of railways, airports, and seaports. Contracts were also signed on improving food and light industry, dismantling bunkers, etc. (Tirana ATA in English 1321 GMT 7 Dec 92 AU)

PRIVATIZATION RATES INCREASE IN CAPITAL: A total of 8,321 private units have been privatized so far in Tirana, employing nearly 13,000 people. Private businessmen are doing their utmost to provide the market with industrial goods and house utensils. Privatization rates have recently increased in the capital. (Tirana ATA in English 1155 GMT 23 Nov 92 AU)

Privatization in the trade and public service sectors in Tirana is almost near completion. Out of 1,109 trade units, 924 have been sold to private individuals so far. In the sector of public services, out of 573 units, 449 have been privatized. (Tirana ATA in English 1119 GMT 20 Nov 92 AU)

B U L G A R I A

FRENCH EXPERTS INSPECT DAIRY FARMS: A French agricultural group, whose experts also work for Operation PHARE [Economic and Reconstruction Aid for Poland and Hungary Program], completed its inspection of dairying in Vratsa and Byala Slatina (northwestern Bulgaria), giving it a positive assessment, a BTA correspondent reported. The purpose of the inspection was to gather firsthand information on dairying and decide how PHARE could help and what investments would be needed. (Sofia BTA in English 2042 GMT 2 Dec 92 AU)

BULGARIAN-DUTCH BUSINESS FORUM: A four-day Bulgarian-Dutch business forum opened in Sofia today. It was organized by the Embassy of the Netherlands in Bulgaria and the Bulgarian Chamber of Commerce and Industry. Twenty Dutch companies, including Philips, Telecom, DAF, Teladin, Sygma, etc. are represented at the forum. The purpose is to promote bilateral business contacts, Mr. Cornelis van Lent, director of the Committee for Bulgaria with the Dutch Trade Encouragement Council and leader of the Dutch trade mission, said at the opening of the forum. (Sofia BTA in English 2042 GMT 2 Dec 92 AU)

BALKAN AIRLINES TO SELL SURPLUS PLANES: Georgi Petrov, a Balkan Airlines executive, has announced that the company is selling 12 aircraft and 12 aircraft engines that are surplus to requirements. No prospective buyers appeared before 25 November, said Pavlov, adding that a search will be made for rich buyers to take part in the second round of the auction. If the planes are not sold by then, Balkan Airlines will reach an arrangement with other airlines. At the moment, only the Liko Promarket Company has shown interest in one aircraft. Other private airlines have decided that the prices are too high. The most expensive aircraft offered for sale costs \$1.3 million, while a small An-24 plane is being offered for \$75,000. Of the five Tu-134 aircraft up for sale, two have been mothballed, while the other three are still flying. The airline is offering four of its 13 An-24 planes for sale because the fleet is much too large for the few domestic flights now being made. Almost all the Soviet planes require urgent maintenance. Experts in the aviation business claimed that the design offices of Ilyushin, Tupolev, and Antonov asked for \$150,000 to overhaul each aircraft because they did not manufacture them. (Sofia 24 CHASA in Bulgarian 26 Nov 92 p 17 AU)

FOOD PRICES CONTINUE TO RISE: Retail prices of goods monitored by the Council of Ministers rose by 2.7 percent during the second half of November. The price of pork increased by 5.8 percent; cow's milk cheese, by 5.7 percent; and all forms of milk, by 7.6 percent. Veal and lamb prices fell slightly. Overall, prices of the monitored goods increased by 35.5 percent more than the government had forecast. (Sofia KONTINENT in Bulgarian 1 Dec 92 p 2 AU)

PRIVATE COMMODITY EXCHANGE TO OPEN: The First National Commodity Exchange of Private Entrepreneurs will open on December 10, President Minko Mikrenski told a press conference today. The exchange will operate on a weekly basis trading in fruit, fuels, building materials, and metals. (Sofia BTA in English 2045 GMT 3 Dec 92 AU)

OFFICIAL WARNS ON LAND SPECULATION: The current high rate of inflation may force owners to sell arable land. Some purchasers will buy the land for speculative reasons, but not to cultivate it. This may cause inflation in land prices, limiting owners' chances of buying land and expanding their farms. Dimitur Dinkov, chief of the Land Reform Department at the Ministry of Agriculture, gave this warning when he reported on the progress of the land reform to the National Assembly Agricultural Commission on 3 December. Dinkov reported that in the last four months, owners have filed 1,705,701 applications to regain the titles to 5,669,604 hectares of farmland. Due to lack of supporting evidence, the total area claimed by owners exceeds the land available by 319,989 hectares in the lowlands and by 196,683 hectares in upland areas. Dinkov said that the Agricultural Land Tenure Act does not provide for the creation of a land register. At the moment, titles to real estate are transferred through notarized documents. (Sofia BTA in English 1017 GMT 4 Dec 92 AU)

POWER INDUSTRY IN CRITICAL STATE: At its meeting on 3 December, the National Assembly Economic Committee concluded that the national power industry had been in a critical condition for some time. The utilized capacity of the national grid is presently over 6,200 megawatts, and there is a risk of power shortages this winter if Ukraine fails to fulfill the contract to export electricity to Bulgaria. Lyulin Radulov, chief of the National Electricity Company, told the committee that in the afternoon Ukraine had threatened to reduce deliveries to 70 megawatts unless Bulgaria delivers on time the fuel oil agreed under the contract. The power generation problems are mainly due to delays in repairs and a breakdown in the No. 6 Reactor Unit at the Kozloduy Nuclear Power Plant. In addition, some thermoelectric power plants may have to shut down because the banks refuse to grant them credits. (Sofia BTA in English 1112 GMT 3 Dec 92 AU)

JOINT VENTURE TO PROVIDE NATURAL GAS SUPPLY NETWORKS: The Bulsofgas Bulgarian-French joint venture, which was established on 4 December, will project the installation of gas supply networks in medium-sized Bulgarian towns with populations below under 100,000. The agreement was signed between the French Sofregas Company, specializing in the design and installation of gas facilities, and the Gastroymontazh Company of Bulgaria. The French company will hold 51 percent of the joint venture and the Bulgarian side 49 percent. Bulsofgas's first moves will be to study the technical, economic, and financial opportunities for household gas supply. These initial activities will be financed by the French partner. According to Mr. Pierre Cavalleros, president of the Sofregas Co., if funds for a pilot project are secured, several Bulgarian towns could be gas-supplied by the end of 1994. The introduction of natural gas in households is a process which will take years and requires considerable investments, he believes. Thus, the gas supply of a town with a population of 100,000 will cost about 20 million dollars. (Sofia BTA in English 1501 GMT 4 Dec 92 AU)

U.S. UNIVERSITY PROVIDES BUSINESS TRAINING HELP: A cooperative agreement for advanced training in business and economics was signed today by the University of Delaware and the Center for Training of Foreign Economic Personnel of the Bulgarian Trade Ministry. The university will provide teachers and curricula in marketing, management, and English. The one-year courses will enroll university graduates working in foreign affairs and foreign trade because Bulgaria lacks enough experts on foreign economic administration, said the Center's director Nevyana Krusteva. Trainees who finish the course will receive certificates that are valid worldwide. (Sofia BTA in English 1624 GMT 4 Dec 92 AU)

CITROEN SHOWROOM OPENS IN SOFIA: The Bulgarian Company Automotor Inc. and the French Peugeot-Citroen group opened their showroom in Sofia on 4 December. This is the second Citroen showroom in Bulgaria after one in Varna (on the Black Sea). Automotor Inc. and Peugeot-Citroen have signed a long-term contract on production and trade cooperation, said Mr. Kiril Sandov, director general of the Bulgarian company. Initially, the whole range of Citroen motor cars will be delivered to Bulgaria assembled, and later on some models will be assembled here. Another key area of the Peugeot-Citroen-Bulgarian operation is the establishment of service stations, garages, and a network for the manufacture and supply of spare parts. The principal shareholders of Automotor Inc. are four major Bulgarian mechanical engineering enterprises: Balkan of Lovech, Unika MM of Vratsa, Arkus of Lyaskovets, and the warehouse equipment plant in Gorna Oryakhovitsa. According to Mr. Dimitur Chukurliev, sales manager of Automotor Inc., other mechanical engineering businesses will be attracted, too, along with light and chemical industry companies, so that parts, units and sets for first assembly could be exported to France. The Lyaskovets-based Arkus Company alone is in this business for the time being. Automotor Inc. aspires to be a general agent and sole distributor of Citroen cars in Bulgaria. (Sofia BTA in English 1713 GMT 4 Dec 92 AU)

CALL FOR SECOND BRIDGE AT RUSE: At a meeting in Ruse on 5 December, ten Bulgarian and Romanian members of parliament and senators supported the idea of the Ruse and Giurgiu municipalities to build a new bridge over the Danube between the two towns. The talks were attended by municipal officials and experts. The meeting's minutes will be submitted to the parliaments and cabinets of the two countries. Mixed working groups next year will conduct a feasibility study. The bridge now linking Ruse and Giurgiu needs urgent repairs and may be closed, according to the Parliament members. Bridges between other towns on the Danube would have only regional importance while a new bridge between Ruse and Giurgiu would link Europe, ex-Soviet republics, Asia, and Africa. The region boasts a developed infrastructure and free economic zones, the participants in the meeting recalled. (Sofia BTA in English 1838 GMT 5 Dec 92 AU)

BULGARIAN-TURKISH BUSINESS CLUB FORMED: Bulgarian and Turkish businessmen set up a society in Plovdiv which will coordinate relations between traders and producers of the two countries. The high membership dues are intended to select first-class businessmen as members. The society will be helping businessmen to overcome bureaucratic barriers to trips, deals, and payments. The opening ceremony this evening was attended by the Turkish consul general in Plovdiv. (Sofia BTA in English 1954 GMT 5 Dec 92 AU)

NEW PAPER PRODUCTION LINE: The Lesil Paper Factory in Silistra on the Danube will launch production of paper from barked wood. Such paper will be manufactured for the first time in Bulgaria thanks to the opening a wood-barking unit. Barked timber is twice cheaper than cellulose, while the quality of paper is the same as that of cellulose paper. (Sofia BTA in English 1838 GMT 6 Dec 92 AU)

AGRICULTURAL CREDIT CENTER REGISTERED: The newly established Agricultural Credit Center has been registered in court in Sofia. The center's major shareholder is the Foreign Aid Agency. The center will be granting low-interest loans to farmers. (Sofia BTA in English 1838 GMT 6 Dec 92 AU)

INCREASED ACTIVITY AT TUTRAKAN PORT: The Tutrakan port on the Danube processed about 6,000 tons of wheat and maize earmarked for export in November. Although this is half of the port's capacity, it marks a substantial increase from the last few years. The cargo is loaded on Russian and Ukrainian barges which return with fertilizers and coal. Grain exported through the Tutrakan port is expected to top 6,500 tons in December. (Sofia BTA in English 1838 GMT 6 Dec 92 AU)

NOVEMBER INFLATION 6.7 PERCENT: The rate of inflation was 6.7 percent in November. Aggregate inflation since the beginning of 1992 has reached 71.6 percent, the National Statistical Institute told BTA on 8 December. Food retail prices rose by 8 percent, nonfoods by 4.3 percent, and services by 5.7 percent. The steepest increase in food prices was registered by meat and meat preparations, 12.5 percent; milk, 9.8 percent; and fresh vegetables, 61 percent. The prices of woolen outer garments increased by 14.3 percent, woolen underwear by 9.6 percent, socks by 11.3 percent, and heaters by 14.4 percent. Medicine prices keep going up. They jumped 6.9 percent in November. Railway transport fares increased by 35.3 percent and hotel accommodation services by 16.5 percent. (Sofia BTA in English 2103 GMT 8 Dec 92 AU)

MILITARY PLANT 'EXPERTS' HELP DESIGN FARM TRUCK: The Kimkoop Private Cooperative, a firm of consultants, has designed a new combined tractor and lift truck called Farmtruck for agricultural use with the help of experts from the Khan Krum Military Repair Plant. Bulgarian enterprises are supplying 98 percent of the new truck's components. Preliminary estimates indicate that the truck will cost between 150 and 160 thousand leva, about 200,000 leva less than a comparable truck produced by the Austrian Steyr Company. Kimkoop has already signed a general agreement with the TEREM Holding Company, which manages the Defense Ministry's military repair plants. So far, Kimkoop has prepared more than 12 projects, including one to convert tank engines for use as standby electric power generators. It is planning to manufacture a 3.5-ton lift truck with the Trema Military Repair Plant in Tryavna. (Sofia 24 CHASA in Bulgarian 3 Dec 92 p 19 AU)

STATE WINE COMPANY REPORTS EXPORT FIGURES: Vinimpex Inc., the state-owned foreign trade company dealing in Bulgarian wines, received the 1992 best trade name prize of the Spanish Editorial Office Association, STANDART NEWS and DEMOKRATIYA report today. Vinimpex Inc. exports Bulgarian wines worth 50 million U.S. dollars to the United States, UK, Japan, the Netherlands, Belgium, and Scandinavia, accounting for nearly 70 per cent of

Bulgaria's foreign trade in wines and alcoholic drinks. The former socialist states were Vinimpex's key markets until 1985, when exports to these countries exceeded 350 million bottles per annum. However, in 1992 only 3 million bottles were exported, and Russia, the major wine consumer among them, imported no more than 500,000 bottles. During the last couple of years, Vinimpex has branched out into Western markets. The United Kingdom is a major consumer of Vinimpex's wines, coming from 46 producers nationwide, and annual wine exports to the UK now amount to about 23 million bottles. Belgium imports 4.5 million bottles, and Denmark 3 million. Aggregate exports to Germany, Holland, Belgium, Denmark, Scandinavia, Japan, the U.S., and Canada exceed 35 million bottles a year. Cabernet Sauvignon and Chardonnay are the best selling Bulgarian wines. The export quotas for Bulgarian wines were considered very carefully at Bulgaria's association talks with the EC. (Sofia BTA in English 1048 GMT 9 Dec 92 AU)

SHARP FALL IN FARM LIVESTOCK: Statisticians have recorded a catastrophic decline in the numbers of farm animals. According to their forecasts, within the next few months all Bulgarians will become vegetarians. Little meat and milk will be available on the market, and prices will rise sharply. So far, the liquidation of collective farms has resulted in a fall of 10-15 percent in the numbers of livestock as compared with last year. Beef cattle numbers have declined by 16.5 percent, cows by 8 percent, pigs by almost 19 percent, and poultry by 12 percent. The situation is worst in sheep farming, where numbers have fallen by 23 percent. According to the specialists, immense quantities of meat have been exported, and further amounts have been canned. Former cooperative farm members received back their animals, but did not get land on which to feed them. Private entrepreneurs are unlikely to be able to make up the deficits quickly, because of the lack of breeding animals. Experts point out that it will take years to restore cattle and sheep herds. The result has been a 10-percent fall in milk production, reducing butter supplies to the market by 31 percent, white cheese by 28 percent, hard cheese by 22 percent, and milk by 20 percent. In addition, 11 percent of eggs and 16 percent of meat have vanished from the market. (Sofia 24 CHASA in Bulgarian 24 Nov 92 p 1 AU)

MILK PRICE INCREASE: The Bulgarikum Co. based in Khaskovo, southwestern Bulgaria, reported a 50 percent decline in milk supplies. Experts expect a further plunge due to the decreasing number of animals. Similar developments in other regions have sent milk prices soaring. The rise in prices is sharpest in Sofia (30 percent). (Sofia BTA in English 1838 GMT 6 Dec 92 AU)

MANAGEMENT COURSE IN GERMANY: Thirty Bulgarian experts will attend a management course in German companies. Grants will be covered by the Karl Duisberg Society and the Alfred Krupp von Bollen und Halbach Fund of Germany in cooperation with the Sts. Cyril and Methodius Foundation and the Informa Intellect Co. of Bulgaria. This is the largest program for Bulgaria launched so far and the German organizations have contributed a total of 1.5 million German marks for its implementation. (Sofia BTA in English 1635 GMT 29 Nov 92 AU)

NEW POLYMER PRODUCTION TECHNOLOGY: The Elfi-Tech Company of Stara Zagora, in collaboration with the Russian Khimtehnika Consortium of St. Petersburg, has developed a highly efficient polymer production technology. The semiindustrial installation, producing liquid polymer at an average daily output of 0.5 tons, will make road construction an efficient and environmentally safe enterprise. Experts believe that the costs for 2 km of polymer-covered roadway will be reduced 10-fold with the application of this new technology. (Sofia BTA in English 1635 GMT 29 Nov 92 AU)

VRATSA COMPANY OFFERS CHEMICAL INDUSTRY SERVICES: After losing many of its firm market positions, the former monopolist Khimremontstroy Company in Vratsa (northern Bulgaria) has reorganized its activity in Bulgaria and abroad. Apart from traditional repair and construction services in the chemical industry, the company now offers maintenance services in metallurgy, food processing, and cement production and is expanding its contacts with Russia, Uzbekistan and Ukraine. The Vratsa-based combined works recently undertook to install a production unit for essential oils in the Mexican state of Morales. (Sofia BTA in English 1635 GMT 29 Nov 92 AU)

INTERNATIONAL CONFERENCE ON AID TO BULGARIA: An international conference on Western aid to Bulgaria in the period of transition to a market-oriented economy was held in Sofia this week. The conference was organized by the New-York based Institutes of International Research and East-West Research Studies. The conference was part of the foreign aid project for Central and Eastern Europe, Bulgaria included, developed by European experts in early 1991. (Sofia BTA in English 1635 GMT 29 Nov 92 AU)

DANUBE BRIDGE PLANNED AT VIDIN: The Bulgarian Road Administration and its Romanian counterpart agreed to study the economic and technological aspects of construction of a bridge over the Danube between Vidin and Calafat. Experts are no longer looking for an alternative place to build the bridge, Vidin Mayor Mladen Kamenov said, adding that efforts will now focus on the economic and technological specifics of the project. (Sofia BTA in English 1646 GMT 1 Dec 92 AU)

REGIONAL COOPERATION WITH GREECE: Bulgarian-Greek working groups will be studying business opportunities in the area of Gotse Delchev, southwestern Bulgaria, and Drama, northeastern Greece. The project is part of the agreement on regional cooperation between the local governments of Gotse Delchev and Drama under the EC Interreg Program. (Sofia BTA in English 2147 GMT 18 Nov 92 AU)

BRITISH AGRONOMISTS OFFER AID: British agricultural scientists are visiting Shumen, northeastern Bulgaria, to get familiar with the work of the research institutes of swine and buffalo breeding. The Britons will assist the development of agricultural science within an Operation PHARE [Economic and Reconstruction Aid for Poland and Hungary Program] project. (Sofia BTA in English 2147 GMT 18 Nov 92)

COMMODITY EXCHANGE TO LOWER COMMISSIONS: The Sofia Commodity Exchange, which is now charging 0.2 per cent on grain and 0.3 per cent on other transactions, will lower commissions by 0.1 per cent next year, director Vasil Simov told the BTA weekly newsletter BULGARIAN ECONOMIC OUTLOOK in an

interview. The Sofia Commodity Exchange operates on a weekly basis. Bread and fodder maize, fodder and brewing barley, shelled maize and sunflower, six staples for Bulgaria, are traded on Wednesdays. Offers for foods are announced on Thursdays and for nonfoods on Fridays. The exchange has specified seven types of contracts for a scheduled timber pool. It envisions metals and meat pools. The exchange admits foreign corporate members. Companies from the UK, Austria, Italy, Turkey and Cyprus have booked brokers' positions for half a year at 20,000 leva (about 800 dollars) each. (Sofia BTA in English 1337 GMT 20 Nov 92 AU)

EC TO SUPPLY BUSINESS INFORMATION: The Union for Private Economic Enterprise will be receiving business information from the EC information systems in near future. EC Ambassador Thomas O'Sullivan, who visited the union's information center this week, will ask the EC to provide technical equipment. (Sofia BTA in English 1832 GMT 22 Nov 92 AU)

FERRY LINE ACROSS DANUBE: The mayors of Silistra (northeastern Bulgaria) and Calarasi (Romania) signed an agreement on the construction of a ferryboat line, the first of four to be built on the Danube. (Sofia BTA in English 1832 GMT 22 Nov 92 AU)

EC PEACE CORPS CENTER OPENS: A resource center with the U.S. Peace Corps opened in Kyustendil, which will offer expert assistance, projects for the development of individual companies and sectors, and scientific and technical contacts. Peace Corps volunteers have already drawn up and helped implement projects for the development of bread, meat, and vegetable production in the town. (Sofia BTA in English 1832 GMT 22 Nov 92 AU)

TOBACCO PRODUCERS UNHAPPY WITH PRICES: The DEMOKRATSIYA correspondent in Kurdzhali reported on 17 November that the Plovdiv company Park is offering tobacco producers U.S. \$3 per kilogram for this year's crop. It is reported that German experts will evaluate the product and offer immediate payment in U.S. dollars or leva. Local tobacco producers are unhappy with the low prices offered by the Bulgarian monopoly purchaser, Bulgartabak, which is also very slow to pay. In Momchilgrad, producers complain that the prices offered by Bulgartabak do not even cover their production costs. This year in Kurdzhali District, tobacco acreage and yields have fallen sharply, according to a Kurdzhali Municipal Council spokesman. About 70 percent of the local people are dependent on tobacco for their livelihood. (Sofia DEMOKRATSIYA in Bulgarian 18 Nov 92 p 2 AU)

COOPERATIVE BANK TO AID SMALL BUSINESSES: The Central Cooperative Bank seeks to specialize in providing services to small-and medium-sized businesses, says bank Governor Katerina Zarkova in an interview for the latest issue of BTA's English-language newsletter BULGARIAN ECONOMIC OUTLOOK. The bank wants to restore the cooperative banking system, which handled up to 70 per cent of banking transactions until the end of World War II. The latest general meeting of shareholders decided to transform it from a limited liability company to a joint-stock partnership and increase its authorized capital to 500 million leva. The Central Cooperative Bank has been invited to join the Brussels-based Association of Cooperative Banks and has established correspondent relations with more than 50 large banks in France, Finland, Germany, the Netherlands, Austria, and other countries. (Sofia BTA in English 1625 GMT 23 Nov 92 AU)

RUSSIA-GREECE GAS PIPELINE: The main gas pipeline from Russia via Bulgaria to Greece is almost ready to be commissioned, correspondent Boris Markov reports. The construction workers engaged on the section that crosses the Blagoevgrad and Kyustendil areas hope to complete the project before the end of the year. Work is proceeding at an accelerated rate at the compressor station near Petrich and at the gas distribution stations for the branches from the main line that serve domestic and industrial requirements in Dupnitsa (formerly Stanke Dimitrov), Blagoevgrad, Kresna, Sandanski, and Petrich. (Sofia Khorizont Radio Network in Bulgarian 0900 GMT 24 Nov 92 AU)

STATISTICS CHIEF PESSIMISTIC ON ECONOMY: One half of the Bulgarian economy is operating at a loss and has accumulated 150 billion leva in debts, said Zakhari Karamfilov, chief of the National Statistics Institute (NSI), on 18 November. "It is clear to us statisticians that we are in a bad way," he said, adding: "We are surprised at the government's optimism." The NSI announced that enterprises had finished the first nine months of 1992 with losses of 9.3 billion leva, and their losses doubled during the third quarter. It was announced that 2,477 companies reported profits, 250 made no profits, and 2,922 suffered losses during the nine-month period. These figures do not include the agricultural and private business sectors. During the nine months, revenues from taxes on profits declined by 2.7 billion leva. (Sofia 24 CHASA in Bulgarian 19 Nov 92 p 13 AU)

C Z E C H O S L O V A K I A

HIGHWAY EXPANSION PLANS: According to Vavrinec Bodenlos, Czech deputy minister of the economy, 362 kilometers of highways and 55,517 kilometers of roads are presently in operation in the Czech Republic. The long-term concept provides for the construction of 1,228 kilometers of highways in the Czech Republic, 264 kilometers of which should be put into operation by the year 2000. These 264 kilometers, the construction of which was approved by the Czech Government in August 1992, will cost an estimated 30 billion korunas in 1991 prices, which should be financed as follows: 8 billion (1 billion a year) by the state budget, 12 billion (1.5 billion a year) by proceeds from the road tax, and 10 billion by private or foreign capital. To attract private or foreign capital, it will be necessary to introduce tolls for the use of highways, a possibility that is being considered for the 83-kilometer section between Plzen and Rozvadov on the D5 highway (Prague-Nuremberg). (Prague HOSPODARSKE NOVINY in Czech 30 Nov 92 p 8 AU)

NEW ZEALAND GRANTS CUSTOMS PREFERENCES: New Zealand granted Czechoslovakia preferential treatment under the Generalized System of Preferences (GSP) with effect from 1 November 1992. Under the GSP regime, only 80 percent of the normal customs duty is levied on imported goods, which means that customs for Czechoslovak exports to New Zealand are being reduced 20 percent across the board. Czechoslovak exporters will enjoy the same status on the New Zealand market as exporters from 155 other countries that are already subject to the GSP regime. (Prague HOSPODARSKE NOVINY in Czech 30 Nov 92 p 8 AU)

TOO MANY TRUCKS: Approximately 394,000 trucks are in use in Czechoslovakia. According to experts, this amount is 2.5 times more than needed. At the same time, most of the vehicles are outdated. In the 1980's, Czechoslovak manufacturers produced 45-51,000 trucks annually. Approximately one-half of them were exported to the CEMA countries, and the rest were easily sold on the domestic market. In 1991, the demand dropped from 29,000 to 13,000 trucks, and the share of domestic producers declined from 99.8 to 85 percent. Truck production has been drastically cut. (Prague MLADA FRONTA DNES in Czech 30 Nov 92 p 6 AU)

METHANE DRILLING IN OSTRAVA: The Ostrava-Karvina Mines (OKD) company intends to drill for methane. The gas deposits here are estimated at 30 billion cubic meters. (Prague MLADA FRONTA DNES in Czech 30 Nov 92 p 6 AU)

U.S. CONSULTING FIRM OPENS IN BRATISLAVA: Arthur Andersen and Consulting was introduced in Bratislava on the occasion of opening its Slovak branch. One example of the company's operation here is its cooperation with Slovak Power Generating Enterprise in the field of management. (Prague HOSPODARSKE NOVINY in Czech 1 Dec 92 p 2 AU)

MINOLTA CS OPERATION: As Minolta CS introduced a new series of laser printers to the Czechoslovak public yesterday, the company director observed that a change in the nature of demand occurred here in the middle of last year -- customers began to prefer quality to cheap prices. Minolta CS has been operating in Czechoslovakia since last year and achieved 1991 sales of Kcs300 million. Laser printers account for 7 to 10 percent of that amount. (Prague HOSPODARSKE NOVINY in Czech 1 Dec 92 p 4 AU)

PROSTROJOV SCOTCH: The production of genuine Scotch from imported 60-percent concentrate has begun in Prostejov. The product is marketed here under the name McDonald's. A five-year contract on joint production was signed on 1 July 1992. The Prostejov whisky, which is identical to the Scottish-made original in content and packaging, sells for only one-fifth as much. (Prague HOSPODARSKE NOVINY in Czech 1 Dec 92 p 4 AU)

AGRANA HOLDING NEGOTIATING WITH SUGAR REFINERIES: The Agrana Holding company is currently negotiating with two Czechoslovak sugar refineries in which it intends to purchase majority shares. This holding company is also expanding its operations in Austria, Hungary, and Slovenia. (Bratislava NARODNA OBRODA in Slovak 1 Dec 92 p 9 AU)

TRAIN, BUS FARES: While train fares will remain the same until 1 January, bus fares in Slovakia rose 20 percent on 1 December. (Bratislava PRAVDA in Slovak 1 Dec 92 p 1 AU)

FOREIGN INVESTMENTS: Direct foreign investments in Czechoslovak stock corporations increased by Kcs27,606,400,000 (\$975,800,000) in the first nine months of 1992. Their overall volume has reached Kcs46,605,100,000 (\$1.725 billion) since the beginning of 1991, according to data released by the Czechoslovak State Bank (SBCS), the economic daily HOSPODARSKE NOVINY wrote today. A total of 92 percent of all foreign investments went to the Czech Republic. Dominant among the foreign investors this year is the U.S. Philip Morris Tobacco Company. Philip Morris has already paid for shares of the Tabak Kutna Hora (tobacco company in central Bohemia). Another

Large investment is that of the French consortium BSN, the Swiss Nestle, and the European Bank for Reconstruction and Development (EBRD) into Cokoladovny Modrany (chocolate factory in Prague). A substantial amount of foreign capital comes through the National Property Fund in the Czech Republic and the National Property Fund in the Slovak Republic. Foreign firms buy shares or entire enterprises at once or gradually in the framework of approved privatization projects. From a regional perspective, the United States is the biggest investor this year (with a 28.9 percent share), followed by France (22.9 percent), and Germany (16.8 percent). Other major investments came from Swiss firms (7.3 percent) and Belgian companies (6.5 percent). Germany's share in the volume of foreign investments has been decreasing. It was less than 40 percent by 30 September 1992. Austria's share has been surprisingly low, only 5.7 percent by 30 September 1992. The daily pointed out that foreign investments are still not high enough to meet the needs of the process of economic restructuring. Foreign firms have invested some \$4 billion into the Hungarian economy in the past three years, even though the Hungarian economy is substantially smaller than the Czechoslovak one. (Prague CTK in English 1702 GMT 1 Dec 92 AU)

1992 CAPITAL INVESTMENTS: Capital investments totalled Kcs 165.6 billion in the first nine months of 1992. According to the Federal Statistical Office, this represents a 0.2 percent increase in comparison with the same period last year (which, however, was 24.4 percent below the 1990 level). The figure breaks down as follows: construction -- Kcs81.579 billion; machines and equipment Kcs77.155 billion; other investments -- Kcs6.839 billion). (Prague HOSPODARSKE NOVINY in Czech 2 Dec 92 p 1 AU)

CEMENT EXPORTS TO GERMANY: Czechoslovak cement exports to Germany will reach a record level this year of almost 3 million tons. Czech cement works have a capacity of 7 million tons, and, thanks to the exports, will be able to actually manufacture 5.9 million tons this year. Czechoslovak cement is sold in Germany for 70-80 German marks per ton, while the domestic product sells for 110-130 marks. (Prague HOSPODARSKE NOVINY in Czech 2 Dec 92 p 4 AU)

CUSTOMS PENALTIES: A fine of Kcs50,000 (\$1,700) can be imposed on citizens who break customs regulations and thus commit a customs offense under a customs bill which was discussed by the Czechoslovak parliament's economic committees on 1 December, the Czech daily RUDE PRAVO writes today. A penalty of Kcs2 million Kcss (\$67,000) can be imposed on the perpetration of a customs tort. In both cases, the goods may be forfeited. The draft law was inspired by the need to adapt customs regulations to those of the European Community. These provide for the customs authorities' greater powers as the right to search people, goods, and means of transport within the border customs zone. This amendment should ensure more efficient control of goods sold at various markets or street stalls, which have escaped customs control, or shortly of smuggled goods. The border customs zone is a 25 kilometer-wide belt running along the state border. Under the bill anybody having documents on imported or exported goods should keep them for ten years so that they can be presented for possible later control. (Prague CTK in English 0954 GMT 2 Dec 92 AU)

SLOVAK BUDGET DEFICIT: On 30 September, the Slovak deficit amounted to Kcs1.8 billion, an improvement compared to first half results. There is no doubt that a revival in the construction sector contributed most to the improvement. Another helpful factor was the contribution of the private sector. Growing expenditures indicate, however, that the annual deficit will amount to Kcs8-10 billion. If we add this amount to the Kcs10 billion deficit of 1991, there is obviously cause for concern. Furthermore, independence on 1 January will have costs connected to it. (Bratislava NARODNA OBRODA in Slovak 2 Dec 92 p 1 AU)

FIRST PRIVATE HOSPITAL: The first private hospital in Czechoslovakia, Dr. Mulac Hospital, opened in Plzen on 1 December. (Bratislava NARODNA OBRODA in Slovak 2 Dec 92 p 13 AU)

SLOVAK BANK OPENS BRANCH IN RUSSIA: On 19 November, the General Credit Bank of Bratislava opened a branch office in Moscow. The reason for this is that 80 percent of all foreign business conducted by the bank's customers is conducted in Russia. (Bratislava NARODNA OBRODA in Slovak 2 Dec 92 p 13 AU)

CHANGES IN SICK PAY PROPOSED: Under a draft Czech National Council law on changes in health and social security insurance that the Czech Government approved at its meeting on 2 December, sick pay will no longer be 90 percent of net wages but 67 percent of gross wages. The basis for calculating sick pay will, however, be expanded to include performance and profit-related bonuses. In addition, sick pay will no longer be calculated and paid for working days but for calendar days. Under the approved draft, there will also be a change in coverage for the first three days of sick leave. Employees will not get any sick pay for the first day of sick leave, the second and third days will be covered by the employer, and only from the fourth day will there be "standard health insurance coverage." According to Czech Prime Minister Vaclav Klaus, it is not yet clear whether all the technical problems can be resolved in time for the new law to take effect on 1 January 1993. (Prague HOSPODARSKE NOVINY in Czech 3 Dec 92 p 1 AU)

HOUSING CONSTRUCTION: According to the Federal Statistical Office, 29,180 new apartments (20,283 in the Czech Republic and 8,897 in the Slovak Republic) were completed in the first three quarters of the year, which is 9,577 fewer than in the same period a year ago. (Prague HOSPODARSKE NOVINY in Czech 3 Dec 92 p 1 AU)

AVIA SALES, EXPORTS: Avia Prague, a manufacturer of light trucks and delivery vans, will sell about 9,500 vehicles this year, some 7,500 of them on the domestic market and between 1,800 and 2,000 abroad, Vaclav Bohac, Avia's deputy director for economic affairs, told a news conference in Prague. Avia's total turnover will be Kcs2.45 billion, which is more than last year, thanks largely to increased sales of spare parts. The introduction of the value-added tax on 1 January 1993 will increase the price of Avia models by 57-70,000 korunas. The price of the cheapest model will increase from Kcs250,000 to 307,000 and that of the most expensive model from Kcs300,000 to 370,000. Asked about the planned founding of a joint venture with Mercedes and LIAZ, the North Bohemian heavy truck manufacturer, Bohac said that the pertinent agreement would be "signed soon"

after the Czech Government approves support measures for the automobile industry that are being prepared at the Ministry of Industry and Trade." Bohac did not reveal any details of those measures. (Prague HOSPODARSKE NOVINY in Czech 3 Dec 92 p 1 AU)

SIEMENS IN STRIBRO: Siemens-Automobilova Technika (Siemens-Automobile Technology) opened for business in the former Skoda Plzen plant in Stribro, Tachov district, on 2 December. Siemens invested Kcs30 million in renovation of the buildings, which it leases from Skoda together with the land they occupy, and another Kcs90 million in production equipment. Siemens employs 300 people in Stribro (the number should increase to 500 next year and eventually 1,000), and, at this time, the company's entire output (automobile cables) is being exported to 20 car manufacturers in Germany. It is anticipated that sales will amount to 50 million German marks. (Prague MLADA FRONTA DNES in Czech 3 Dec 92 p 14 AU)

PRIVATE BUSINESS BY REGIONS: At the end of October, 1,186,142 private businessmen registered their operations. Of these, 20.3 percent were in the capital city of Prague, 17.2 percent in Southern Moravia, 13.1 percent in Northern Moravia, 12.8 percent in Eastern Bohemia, 11.3 percent in Northern Bohemia, 10.7 percent in Central Bohemia, 6.25 percent in Southern Bohemia, and 8.35 percent in Western Bohemia. (Prague MLADA FRONTA DNES in Czech 3 Dec 92 p 14 AU)

HOME APPLIANCE OWNERSHIP SURVEY: In the period between June 1991 and September 1992, home appliance ownership in Czech and Slovak homes rose markedly -- in most cases, by 10 percent or more. These were the findings of research conducted by AISA agency, which polled 1,948 Czech and Slovak citizens in June 1991 and 2,722 in September 1992. This sharp rise was noted not only for standard items, such as freezers (32 to 51 percent) and electric drills (31 to 46 percent), but also for luxury items, such as video recorders (from 10 to 20 percent) and microwave ovens (from 4 to 11 percent). Although this period meant a basic improvement in amenities for a large number of households, according to the research, the majority of inhabitants of both the Czech and Slovak Republics are not satisfied with their economic situation. A considerable number of households managed, despite a drop in living standard and a worsening financial situation, to markedly improve their living situation with respect to appliances. Purchases of many articles increased more in the Slovak than in the Czech Republic. These include color televisions, which increased by 10 percent in the Czech Republic and 15 percent in the Slovak Republic, and automatic washing machines, which increased by five percent in the Czech Republic and 13 percent in the Slovak Republic. The two republics' shares of appliances thus grew nearer each other, and for the majority of items are now nearly on par (color television -- 82 percent in the Czech Republic and 78 percent in the Slovak Republic, washing machine -- 65 percent in the Czech Republic and 58 percent in the Slovak Republic). (Prague CTK in English 1743 GMT 3 Dec 92 AU)

NEW CIGARETTE TAX IN SLOVAKIA: Revenues from a new one-koruna duty stamp on every pack of cigarettes in Slovakia, to take effect next year, will go towards treatment of cardiovascular and oncologic diseases, said Slovak Deputy Prime Minister Roman Kovac. (Prague CTK in English 2154 GMT 3 Dec 92 AU)

SMALL-SCALE PRIVATIZATION: From the beginning of the small-scale privatization until the end of October, 31,914 units were approved for privatization in the Czech Republic, and 22,001 were privatized. Most of them (89.9 percent) were sold at auction, a smaller number (9.1 percent) were leased. The total sum paid was Kcs28.6 billion. (Prague HOSPODARSKE NOVINY in Czech 4 Dec 92 pp 1, 3 AU)

CZECH INDUSTRIAL OUTPUT: The Czech Republic's industrial output during the first ten months of 1992 was 12.1 percent lower than in the same period of 1991. In October, however, the decline was less than 1 percent. The drop was larger in enterprises with 25 or more employees (16.2 percent). (Prague HOSPODARSKE NOVINY in Czech 4 Dec 92 p 1 AU)

SIEMENS BALKS AT COOPERATION WITH SKODA: Siemens has announced that it does not see any future for the two joint ventures it has been negotiating with Skoda (Transport and Energo). The conditions sought by the new Skoda management are not acceptable. (Prague HOSPODARSKE NOVINY in Czech 4 Dec 92 p 1 AU)

BAN ON WEEKEND TRUCK TRAFFIC: A new regulation bans heavy trucks (over 7.5 tons) and heavy trailers from expressways, highways, major roads, and international connections every weekend from 0700 on Saturday to 2200 on Sunday. (Prague HOSPODARSKE NOVINY in Czech 4 Dec 92 p 2 AU)

LAST SESSION OF FEDERAL FINANCIAL COUNCIL: The last session of the Federal Financial Council took place on 3 December. The Central Customs Administration is to submit to the Federal Ministry of Finance a draft treaty on customs crossings between the Czech Republic and the Slovak Republic by 7 December. Another item on the agenda was the division of the EGAP (Exports Guaranty and Insurance Company) that was funded with Kcs1.46 billion from the federal budget in June, whose contracts amount to Kcs1 billion. The council suggested a one to two division of the capital and contract division by location of the exporting company. In the division of the Coupon Privatization Center, the Slovak side requested that a part of the property be transferred to Bratislava General Credit Bank. An agreement was signed that Kcs1.5 billion of the total of Kcs5 billion will be transferred to that bank. (Prague HOSPODARSKE NOVINY in Czech 4 Dec 92 p 2 AU)

LOAN TO CZECHOSLOVAK AIRLINES: The Citybank of London and the Westdeutsche Landesbank (WLB) are providing Czechoslovak Airlines with a 12-year loan of \$117 million at 7.02 percent for the purchase of Boeing airplanes. The total purchase price is \$141 million. (Prague HOSPODARSKE NOVINY in Czech 24 Nov 92 p 3 AU)

PRIVATIZATION IRREGULARITY: The Severobal Company has lodged a complaint against the National Property Fund and the Privatization Ministry for violating the regulations of the Commercial Law on public tender. National Property Fund Chairman Jezek reversed the recommendation of the selection commission to sell the Obalex enterprise of Jilove u Decina to Severobal and decided that it be sold to A. Jonas and J. Lobkowitz, who are acting as advisers to the government, certain ministers, and the National Property Fund. The sales price is 128 million korunas (Kcs). (Prague RUDE PRAVO in Czech 24 Nov 92 pp 1, 2) On 30 November, the Jonas and Lobkowitz

company decided to withdraw its bid to purchase Obalex because the latter's debts recently doubled and the company does not have the funds to cover these liabilities. Hence, the Severobal complaint has become immaterial. (Prague LIDOVE NOVINY in Czech 1 Dec 92 p 2 AU)

BANKS RAISING INTEREST ON DEPOSITS: Because of the rapid decline in attraction of saving deposits, banks are raising their interest rates. Komercni Banka announced increases of between 0.5 and 1.5 percent as of 1 December, Ceska Sporitelna has so far raised only the rate it pays on its certificates of deposit (from 6 to 8 percent), while Investicni Banka raised the interest it pays on deposits on 20 October. (Prague RUDE PRAVO in Czech 24 Nov 92 p 8)

REJECTION OF HIGHER PRICES FOR RUSSIAN GAS: Some officials at the Russian Ministry of Foreign Trade are demanding that Czechoslovakia pay higher prices in dollars for shipments of gas from the Yamburg deposit in western Siberia, the Czech daily RUDE PRAVO reported 25 November. The Czechoslovak side has already issued a protest in the form of a letter from Federal Prime Minister Jan Strasky to his Russian counterpart, according to R. Paldan, commercial counselor of the Czechoslovak Embassy in Moscow. The 1986 agreement on gas shipments from Yamburg is not based on credit, but rather on a barter system. The gasworks there, which were built by Czechoslovakia, are to be paid for, according to the agreement, by shipments of gas through the year 2003. This year, 4.5-4.8 billion cubic meters of gas were delivered to Czechoslovakia from the Yamburg deposit, and the same amount is claimed by Czechoslovakia for next year. The current price of gas is around \$91 per thousand cubic meters. Czechoslovakia is paying a nominal sum of approximately 90 rubles on the basis of the 1986 agreement. Russia owes approximately \$5 billion, and the debt is divided into two parts -- debts like this one and unpaid shipments from 1991, said Paldan. He added that these shipments are vitally important for a number of Czechoslovak enterprises. (Prague CTK in English 0944 GMT 25 Nov 92 AU)

DEADLOCK IN TALKS BETWEEN SKODA-PLZEN, SIEMENS: There will be no agreements concluded between the Skoda engineering enterprise in Plzen and the German Siemens concern by the end of this month as anticipated by the deadline set by Siemens, Skoda's Director General Lubomir Soudek said at a news conference in Plzen today. The two giant engineering companies have for a long time been holding talks on the forming of two joint ventures -- Skoda Energo to manufacture power-generating facilities and Skoda Transport, a mass transit vehicle production effort. Soudek sees the biggest obstacle in the Czech Government's unwillingness to provide all the guarantees Siemens has been demanding. The government promised to guarantee nuclear safety and environmental protection but refused to approve other guarantees on an unlimited scale so as not to set a precedent in other such negotiations it is undertaking, Soudek said. Soudek emphasized, however, that negotiations with Siemens will continue. (Prague CTK in English 1727 GMT 25 Nov 92 AU)

BALL-BEARING JOINT VENTURE: Oklahoma City LSB Industries and Skalica ZVL (Ball Bearing Plant) have founded a joint venture. The Chemical Bank is providing the new company with a credit of Kcs370 million, and the Vseobecna Uverova Banka (General Credit Bank) is guaranteeing foreign

payments. The American firm is taking care of the marketing, as it has pledged to buy \$14 million of the company's output annually for the next ten years. (Prague HOSPODARSKE NOVINY in Czech 26 Nov 92 p 4 AU)

COMPANY FOR TRADE WITH FORMER USSR: The member-enterprises of the North Moravian Economic Union, which have suffered in the past two years because of the disintegration of the Eastern markets, have founded in Ostrava the Moravian-Silesian Trade Co., which is to become a means of successfully penetrating the markets of the former Soviet Union and maintaining their positions in it. The company intends to provide services not only to its members but also to other customers. It expects a turnover of Kcs150 million in 1993. (Prague HOSPODARSKE NOVINY in Czech 26 Nov 92 p 4)

CHEAPER UNLEADED GAS: According to the Federal Finance Ministry, sales of unleaded gas will soar -- because of the advantageous tariffs -- with the switch to the new taxation system. While the price of regular gas will increase on 1 January 1993, it is expected that the price of unleaded gas will drop. (Prague LIDOVE NOVINY in Czech 26 Nov 92 p 3 AU)

NESTLE CHOCOLATE PRODUCTION: Zora Olomouc is the first chocolate factory in Czechoslovakia to manufacture the famous Nestle chocolate. It produces 50 tons of Nestle chocolate per month. (Prague ZMEDELSKE NOVINY in Czech 26 Nov 92 p 4 AU)

SLOVAK FOOTWEAR MANUFACTURER'S PROBLEMS: Zavody 29. Augusta (ZDA, The 29 August Works) of Partizanske is in dire financial straits caused by customers in arrears. The CIS, for instance, has not paid the Kcs900 million it owes for its 1991 footwear purchases alone. The total of payments due to the ZDA is Kcs1.8 billion. As a result, the company cannot finance its production, and the monthly output is approximately 150,000 pairs of shoes less than planned. The company has had to resort to bank credits on which it pays not only interest, but compound interest. These payments amounted to Kcs50 million in 1992 alone, and they must be written off. This, of course, results in the inefficient use of labor and equipment. The way out is seen in fast privatization and the sale of dubious assets. (Bratislava NARODNA OBRODA in Slovak 26 Nov 92 pp 1, 13 AU)

ARMS EXPORTS SEEN AS BOON TO SLOVAK ECONOMY: Signing a good international contract on Slovak-made arms exports would considerably help stabilize Slovakia's economy and strengthen social conciliation in areas affected by the conversion from arms to civilian production, Ludovit Cernak said today. Speaking at a news conference, the Slovak Minister of Economy emphasized that concluding contracts on arms exports is solely within the powers of individual arms producing enterprises and the Slovak Government does not intend to interfere with this process. Slovak Prime Minister Vladimir Meciar said in Kosice Wednesday that Slovakia does not want to get rich on the escalation of armament sales. We will continue the conversion (of the arms industry into civilian production but will slow down its pace in order to ease its negative impacts, Meciar said. (Prague CTK in English 2048 GMT 26 Nov 92 AU)

CZECH PRIME MINISTER ON SEPARATION: Czechoslovak Prime Minister Jan Strasky expects the Czech-Slovak monetary union to be short-lived, but the

customs union might last two years at least. Addressing a rally at Rychnov nad Kneznou, east Bohemia, Strasky said that by Easter, the Czech state will have its own currency and that if Slovakia acts with an instinct for self-preservation, the customs union could last two years at least. Strasky said the Civic Democratic Party (ODS) will strive for the Czech state to take over the Czechoslovak flag without any change. Slovakia is much afraid that we might draw advantages from the use of this symbol. But after 1 January 1993, the flag will be free and any state could appropriate it, Strasky said. (Prague CTK in English 2240 GMT 26 Nov 92 AU)

PRIVATIZATION OF SKODA: According to Deputy Privatization Minister Ceska, the distribution of Skoda shares between Skoda Plzen Director General Soucek and the consortium of Investicni Banka and Komercni Banka has been finalized. He adds that a new issue of Skoda shares may be offered. Soucek says that, according to his sources, the proposal has not been approved but that a 42-percent stake will be divided between the two main shareholders. (Prague HOSPODARSKE NOVINY in Czech 27 Nov 92 pp 1, 2 AU)

PROBLEMS WITH KARLOVY VARY CHINA PRIVATIZATION: The State Inspectorate has discovered that the Karlovy Vary China privatization proposals were approved without being submitted to the company or the founder as required by law. According to Minister Nemec, the subdivision of the company resulted in unviable enterprises. Moreover, the Czech National Property Fund transferred to the new owners some enterprises it did not own. The government will have to deal with the situation. (Prague HOSPODARSKE NOVINY in Czech 27 Nov 92 pp 1, 2 AU)

CUSTOMS VIOLATIONS: During the first nine months of 1992, customs officers discovered 22,756 customs offenses. Of this number, CSFR citizens committed 5,425, foreigners 15,245, and in 2,086 instances the culprit was not known. These violations involve goods valued at more than Kcs230 million. Smuggled articles worth Kcs41.4 million were confiscated. In addition, 6,878 currency-related offenses involving Kcs24.8 million were detected. The culprits consisted of 1,062 CSFR citizens and 5,816 foreigners. More than Kcs1 million were seized. (Prague HOSPODARSKE NOVINY in Czech 27 Nov 92 p 3 AU)

BOSCH TO CESKE BUDEJOVICE: The German firm Bosch is preparing to transfer its Nuremberg production to Ceske Budejovice. Machines are being packed in Nuremberg so as to reach their Bohemian destination by the end of November at the latest. The production of pneumatic brake systems is to be launched in January. The first factory building should be completed by the end of March and the second during the summer. According to the plans, 220 people are to be employed at the facility. (Prague HOSPODARSKE NOVINY in Czech 27 Nov 92 p 4 AU)

CONSTRUCTION INDUSTRY RECOVERY: It is mostly because of private contractors and construction work exports that construction industry output was 20.3 percent higher in September 1992 than in the same month last year. The increase since the beginning of the year was 9.5 percent. Labor efficiency improved by 21.7 percent during that time (15.1 percent in the Czech Republic and 35.4 percent in the Slovak Republic). State enterprises produced 77.2 percent of the total volume of construction (73.4 percent in

the Czech Republic and 84.2 percent in the Slovak Republic). (Prague HOSPODARSKE NOVINY in Czech 27 Nov 92 p 4 AU)

CZECH DEBTS: The public debt of the emerging Czech state and the 1993 budget were the main items on the agenda of an extraordinary session of the Czech cabinet. The federation owes Kcs116 billion; the Czech budget is to pay off Kcs13.5 billion of this amount and Kcs7.3 billion of government obligations in 1993. (Prague LIDOVE NOVINY in Czech 27 Nov 92 p 2 AU)

TRADE WITH BAVARIA: Bavaria has become Czechoslovakia's tenth most important trading partner. Czechoslovak exports to Bavaria increased by 60 percent last year in comparison with 1990. Imports increased even more -- by 67 percent, and the trend continues. (Prague MLADA FRONTA DNES in Czech 27 Nov 92 p 14 AU)

SOUTH KOREAN INVESTMENT IN SLOVAKIA: The South Korean company Samsung has invested \$200 million in a joint venture with Calex Zlate Moravce, and the GoldStar and Daewoo companies are prepared to invest here, preferably in electronics, according to South Korean Ambassador Chun-yong Son. In addition, the South Korean Government will provide Slovakia with a \$200 million credit for improving its telecommunications network. (Bratislava NARODNA OBRODA in Slovak 27 Nov 92 p 22 AU)

SLOVAK WAGES GROW: According to a Labor Ministry report, real wages in Slovakia rose by 1.9 percent for white-collar workers and 2.2 percent for farmers during the first nine months of 1992. The private sector was not included in the report. (Bratislava PRAVDA in Slovak 27 Nov 92 p 2 AU)

FRENCH BUSINESS DELEGATION IN SLOVAKIA: Slovak Prime Minister Vladimir Meciar met with a group of French bankers and industrialists led by the director general of the Credit Commercial de France, Charles de Croisset, who also heads the Czechoslovak section at the French National Employers' Center. The meeting was also attended by all Slovak ministers responsible for economic issues. At a press briefing later, de Croisset said that there may be a cooperation priority between France and Slovakia in energy and transportation industries and mentioned that several specific projects were already in preparation. These project should be completed in several weeks, he added. De Croisset also stressed that the French side wanted to see Czechoslovakia divided in a peaceful and calm manner; economic stability should not be threatened in either republic. He allayed fears, however, of this occurring by citing Meciar, who assured him that Slovakia would continue to develop the market economy, to open markets for imports as well as exports, and to support private business. Commenting on the banking sphere, de Croisset said that Slovak Minister of Finance Julius Toth urged French banks to enter Slovakia so they can contribute to the modernization of Slovak banks. (Prague CTK in English 1926 GMT 27 Nov 92 AU)

CUSTOMS ON CZECH-SLOVAK BORDER: There will be customs stations on the Czech and Slovak border but it has not yet been determined how these would operate and whether all would be manned, Czech Deputy Finance Minister Miroslav Tery told CTK during a break in a bilateral meeting with Slovak finance and customs officials here today. It will depend on the amount of goods and on our being able to prove their origin, Tery said. He stressed,

however, that both republics would like to see strict controls maintained but at the same time to make the new border as easily passable as it can be made in order not to hinder the movement of goods and people across it.
(Prague CTK in English 2037 GMT 27 Nov 92 AU)

MEAT PRICE REGULATION: The Czech Government Council of Economy Ministers has set maximum retail prices for meat to take effect on 1 December. The maximum price for pork roast, for instance, is Kcs82.90 per kilogram. (Prague MLADA FRONTA DNES in Czech 28 Nov 92 p 1 AU)

UKRAINIAN LABOR: According to the Czech Labor Ministry, approximately 5,000 Ukrainian workers should be able to obtain Czech work permits in 1993. Although about 15,000 foreigners are currently working in the Czech Republic, Ukrainians cause the most problems. Officially, 2,700 Ukrainians are employed here, but the number of those employed illegally is not known.
(Prague MLADA FRONTA DNES in Czech 28 Nov 92 p 3 AU)

FIRST SHELL STATION: The first Shell gas station in Czechoslovakia opened in Trebic on 27 November. The cost of the station, which has a store and a car wash, was given as Kcs40 million. (Prague MLADA FRONTA DNES in Czech 28 Nov 92 p 14 AU)

TRADE WITH ISRAEL: Trade between CSFR and Israel will reach \$40 million this year (2.5 times last year's volume), and the estimated surplus of the Czech side is \$10 million, Israeli Ambassador Sher said in Brno on 27 November. (Prague MLADA FRONTA DNES in Czech 28 Nov 92 p 14 AU)

U.S. COMPANY'S STAKE IN FOOD PROCESSING FIRM: The U.S. Peble Corp. intends to purchase a 41-percent stake in Nove Mesto nad Metuji KOLI Co., manufacturer of baby food, non-alcoholic beverages, and canned fruit, with 1,100 employees. Peter Maur of Peble Corp. said that the Americans want to gradually acquire majority holding in the company. (Prague MLADA FRONTA DNES in Czech 28 Nov 92 p 14 AU)

NINE-MONTH TOURISM STATISTICS: According to the Czech Statistical Office, 62,224,669 foreigners visited Czechoslovakia in the first nine months of 1992. Of this number, 2,088,442 stayed at Czech Republic tourist facilities, including 930,567 in Prague. Most tourists came in August. The average length of stay was 3.5 days. The tourists came from Germany -- 42.6 percent, Austria -- 6.9 percent, Italy -- 7.4 percent, Poland -- 4.9 percent, the United States -- 4 percent, France -- 3.9 percent, and Great Britain -- 2.9 percent. (Prague CESKY DENIK in Czech 28 Nov 92 p 4 AU)

GERMAN DESULFURIZATION EQUIPMENT: An agreement between the German environment minister and the CSFR minister of the economy on the installation of desulfurization equipment in the four 110MW units of the Runerov power plant -- based on the resolution of the Bundestag on financial assistance to the Czechoslovak program of reduction of air pollution in the form of a grant -- was signed on 27 November. The expected German contribution to the Kcs2.8 billion project is 23.5 million German marks. The grant should help to cover the cost of foreign equipment. (Prague CESKY DENIK in Czech 28 Nov 92 p 4 AU)

BAVARIA TO HELP SLOVAKIA MODERNIZE TRANSPORTATION: Bavaria has promised Slovakia help in the modernization of transport during a visit to this German Land by Slovak Transport, Telecommunications, and Public Works Minister Roman Hofbauer, his spokesman Ivan Reguli said 27 November. Bavaria will help Slovakia modernize railroad transport, effectively use the Danube-Main-Rhine waterway and build quality motorway links between Slovakia and Western Europe, Reguli said. The Munich airport director has promised Hofbauer consultancy and expert assistance in the modernization of Bratislava airport. Siemens has offered complex cooperation in improving Slovakia's telecommunications network, Reguli said. (Prague CTK in English 1049 GMT 28 Nov 92 AU)

SLOVAK, CZECH UNEMPLOYMENT: There are some 260,000 people unemployed in Slovakia (with a population of about 5 million), Slovak Prime Minister Vladimir Meciar said on Slovak Television last night. He recommended to the Slovak citizens to start private businesses, as more than 17 percent of entrepreneurs earn Kcs17,000 (\$570) a month. The average wage in Slovakia is Kcs4,051 (\$135) in the manufacturing area and over Kcs3,700 (\$123.30) in agriculture. In the first half of 1992, the citizens of the Slovak Republic deposited Kcs4,300 million (\$143 million) in savings banks, Meciar said. Meciar also pointed out that the standard of living of young or incomplete families or families with several children are worsening. He emphasized that 11 percent of Slovak citizens depend on state support. The latest figures of the Czech Ministry of Labor and Social Affairs speak of 200,000 people unemployed in the Czech Republic (with a population of 10 million). (Prague CTK in English 0801 GMT 30 Nov 92 AU)

CZECH REPUBLIC TO START WITH \$4.5 BILLION DEBT: The Czech Republic's public debt, expected in its first-ever 1993 budget, is estimated at Kcs125 billion (\$4.5 billion), Czech Finance Minister Ivan Kocarnik told a news conference today. He said the total includes debts from the past, Czechoslovakia's debts from the 1970's and 1980's when the country borrowed money from abroad to cover budget deficits, and also part of the federal budget deficit, two-thirds of which will have to be covered by the Czech Republic. In view of Czechoslovakia's division in January, it has been agreed that its property and obligations will be divided in a 2-1 ratio between its successor states -- the Czech and Slovak Republics. The debt will be repaid gradually, with the 1993 budget planning repayment of Kcs13.5 billion (over \$480 million), Kocarnik said. He assessed the economy as successful, stating that in the first quarter of the year the gross product was Kcs98 billion (about \$3.5 billion), in the second quarter Kcs100 billion, and in the third quarter Kcs102 billion. In the fourth quarter of 1992, it is expected to reach Kcs104 billion (\$3.7 billion). Kocarnik also observed that, in external relations, the Czech economy's high adaptability to new conditions has been proved, with its exports to the European Community (EC) countries reaching 50 percent of its overall exports as compared to 40.8 percent in 1991. Exports to other countries with a developed market economy, such as the United States, have risen from 11.2 percent in 1991 to 14 percent this year. In September, a 2-percent growth in industrial output was registered against September 1991, Kocarnik said. In the first ten months of this year, the retail turnover rose by 18 percent as compared to the same period of 1991, with prices rising by 9.5 percent. An 11- to 12-percent inflation rate is expected by the end of the year, Kocarnik said. The unemployment rate was 2.5 percent at the end of

October and at the end of the year it is estimated to reach 2.5 to 2.6 percent. (Prague CTK in English 1632 GMT 30 Nov 92 AU)

DROP IN CZECH-SLOVAK TRADE EXPECTED: The merchandise exchange between the Czech and Slovak Republics is expected to drop by about 10 percent after Czechoslovakia's split in January, Czech Finance Minister Ivan Kocarnik told a news conference today. According to him, the Czech Government will strive for the rate of inflation not to exceed 15-17 percent next year, explaining that about 6 to 7 percent of this rate will be due to the introduction of a new tax system as of January 1, 1993. As to the rate of unemployment, it should not exceed 5 percent, Kocarnik said. He added that a total of Kcs5.500 million (\$197 million) in the 1993 budget of the Czech Republic will be earmarked to cover problems linked to unemployment. (Prague CTK in English 1637 GMT 30 Nov 92 AU)

1990-91 INTERNATIONAL AID TO CZECHOSLOVAKIA: Aid of 3.827 billion ECU was earmarked by economically developed countries for Czechoslovakia for 1990-91, according to figures from the Prague-based European Community (EC) mission published by the Czech economic daily HOSPODARSKE NOVINY 1 December. This amount was shared as follows: The EC and its member countries 50 percent, the International Monetary Fund 30.8 percent, the World Bank 8.7 percent, Japan 3.8 percent, the European Free Trade Association member states 3.7 percent, and others 3 percent. Forty-two percent of the amount is designated for the Czechoslovak economy's restructuring, mainly to support private businesses. To achieve the goal, what has to be created is an appropriate framework, institutions and a way of thinking, and to transform the state structures so that they become an arbitrator, setting the rules of economic activities, rather than a representative of the interests that are oriented to the state's interference in the economy. The G24 group's technical aid is also meant to support the individual sectors that are necessary for the market economy's development, like banking, or the insurance business. That is why the amount of 1.6 billion ECU was earmarked for this area in 1990-1991. The macroeconomic aid, which was to ease short-term problems that may arise in the process of the central command economy switching over to market principles, was 800 million ECU or 21 percent of the total amount. By this the G24 countries wanted to promote investment activity in Czechoslovakia and make imports of the means of production possible. The aforementioned countries also provided official export credits worth 896 million ECU (over 23 percent of the total). The remaining 14 percent is characterized by the EC Prague mission documents as other aid. The biggest aid-provider for the East and Central European countries is the EC. Its major instrument in Czechoslovakia is the PHARE program. This year, Czechoslovakia is to get from PHARE 100 million ECU in the form of gifts and scholarships, other resources are designated for regional projects. The PHARE program focuses on restructuring whole sections and institutions, mainly the steel, arms, and pharmaceutical industries. The aid can also be obtained by individual companies. The goal of the Tempus program provides for university students' exchange visits. The Overture program promotes cooperation between local self-governing authorities, the Media program supports small and medium-sized businesses in the field of audio-visual communications media, while the Kaleidoscope program is destined for arts support. (Prague CTK in English 1435 GMT 1 Dec 92 AU)

NEW BANKS AWARDED LICENSES: At its meeting in Prague on 16 November, the Banking Council of the Czechoslovak State Bank positively assessed the request of Plzenska Banka (Plzen Bank) to operate as a bank with headquarters in Plzen. The session also met a request from the Commerzbank AG Frankfurt am Main to open a branch in Czechoslovakia and awarded a banking license to Prva Komunalna Banka (First Communal Bank) with headquarters in Zilina. (Prague HOSPODARSKE NOVINY in Czech 17 Nov 92 p 2 AU)

EWSD PRODUCTION LAUNCHED: Tescom Prague, a joint venture formed by Tesla Karlin (51 percent) and Siemens (49 percent), announced on 12 November the beginning of production of EWSD digital telephone exchanges. The application of EWSD telephone exchanges will make it possible to install 50,000 new telephones by the end of the year. After 1994, when Tescom will reach full capacity, it should be possible to install 250,000 to 300,000 new telephones annually. The main goal of the EWSD project is to bring supply and demand for telephones into balance by the year 2000. In the Czech Republic, there are now 17 telephones per 100 inhabitants, compared with the West European average of 35 per 100. (Prague METROPOLITNI TELEGRAF in Czech 17 Nov 92 p 6; Prague MLADA FRONTA DNES in Czech 21 Nov 92 p 14 AU)

IFC CREDIT FOR SKODA VOLKSWAGEN: The International Finance Corporation (IFC), a member of the World Bank group, has approved a 1.4 billion German marks investment credit for Skoda Volkswagen. The IFC itself, the lead manager of the credit, will provide 600 million German marks, with another 400 million to be guaranteed by Dresner Bank, Deutsche Bank, J. P. Morgan, and Credit Suisse First Boston and the remaining 400 million coming from the European Bank for Reconstruction and Development. The credit will finance part of the costs of introducing a new range of VW-Skoda models and of building a completely new engine factory in Mlada Boleslav with an annual capacity of 500,000 units. The total cost of the project is estimated at 6.8 billion German marks, which makes it the largest investment project in Eastern and Central Europe. The bulk of the investment should be realized in 1993-94; the full utilization of the new production facilities is planned for 1996, when the production rate in Mlada Boleslav is expected to reach 400,000 passenger cars per year. Some engines made in Mlada Boleslav are to be exported to Germany. The project, which includes about 200 domestic suppliers, should create 15,000 to 20,000 new jobs in Mlada Boleslav alone and give a major boost to the entire Czech economy. (Prague HOSPODARSKE NOVINY in Czech 18 Nov 92 p 1; Prague MLADA FRONTA DNES 18 Nov 92 pp 1, 14 AU)

SOKOLOV-DOW CHEMICAL PROJECT CALLED OFF: The U.S. Dow Chemical concern and the CHZ (Chemical Works) Sokolov enterprise will not establish a joint venture but cooperate only on a commercial basis. This decision was made following talks between Czech Minister of Trade and Industry Vladimir Dlouhy, Czech Deputy Minister of Privatization Roman Ceska, and Executive Vice President of Dow Europe Jack Haelfenstein in Prague on 17 November. According to an "agreement in principle" concluded between CHZ Sokolov and Dow Chemical in November 1991, the U.S. company was to acquire 90 percent of the Czech company's shares for approximately \$100 million. At the same time, the U.S. company pledged to invest an additional \$150 million in the Czechoslovak enterprise. Although the agreement was approved by the Czech

Government on 17 March 1992, Dow Chemical has asked for renegotiation of the terms of the agreement on two occasions recently. According to a source cited by the Prague daily MLADA FRONTA DNES, the Americans wanted to pay only one-third of the original price, which is why representatives of the Federal Property Fund broke off negotiations. In an interview with that newspaper, Czech Minister of Trade and Industry Vladimir Dlouhy confirmed that talks with Dow Chemical would not continue "because of the failure to come to an agreement on the price of the shares" but refused to provide any details. The Czech Ministry of Trade and Industry and the Czech Ministry of Privatization have agreed to propose that the Czech Government cancel its March resolution and will recommend a different privatization scenario. (Prague HOSPODARSKE NOVINY in Czech 18 Nov 92 p 2, Prague MLADA FRONTA DNES in Czech 18 Nov 92 p 14 AU)

WAGES RISE, PRODUCTIVITY FALLS: Average monthly nominal wages in the Czech Republic increased by 700 to 900 korunas from January to September compared with the same period in 1991, according to data from the Czech Statistical Office. This represents a growth of 19.4 to 23.1 percent. As output declined about 10 percent in the same period, the Czech Republic has seen a further decline of labor productivity and growth of wage costs. This, in turn, has been reflected in prices. (Prague MLADA FRONTA DNES in Czech 18 Nov 92 p 14)

AGREEMENT ON AGRICULTURE PRIVATIZATION: Representatives of the Czech Ministry of Agriculture, the Czech Ministry for the Administration and Privatization of National Property, the Czech National Property Fund, and the Czech Land Fund signed an agreement on the methods and course of privatization in agriculture in Prague on 17 November. The main provision of the agreement is the possibility of repaying the purchase price under preferred conditions within 20 years. The purchase price can be lowered below the book value of the property in question, depending on the period of repayment. The agreement also makes it possible to privatize property that has been excluded from privatization thus far and reserved for the settlement of restitution claims. (Prague HOSPODARSKE NOVINY in Czech 18 Nov 92 p 2) Under the terms of the agreement, new owners who pay for the privatized agricultural property within 60 days will pay 43 percent of the set price; owners paying within 5 years will pay 49 percent; those paying within 10 years will pay 59 percent; and those paying within 15 years 74 percent. If the property is paid for in 20 years, the owner will pay 100 percent of the set price. (Prague CESKY DENIK in Czech 23 Nov 92 p 2 AU)

WARNING ISSUED TO 'MEAT CARTEL': In a statement published on 19 November, the Czech and Federal Ministries of Finance expressed their "growing concern" over the rising prices of meat and meat products, which they attributed, among other factors, to the "great extent of cartel agreements, especially in the meat processing industry." The ministries announced that the Ministry for Economic Competition was investigating the "formation of a nationwide price cartel in the second half of September" and that they would launch a series of price controls, initially for meat combines, aimed at "penalizing the abuse of economic position." In conclusion, the statement warned that unless the rise of meat prices is halted "in the foreseeable future" and prices are reduced, the Ministries of Finance would resort to "additional measures, among which one cannot rule out the introduction of export quotas, the abolition of duties on

imports of meat and meat products, and the introduction of maximum selling prices for meat producers." (Prague HOSPODARSKE NOVINY in Czech 19 Nov 92 p 2 AU)

IMPACT OF ANTIDUMPING SANCTIONS: Antidumping surcharges of 30.4 percent that the European Community imposed on seamless pipes imported from Czechoslovakia as of 15 November are expected to cost the VT (Pipe Rolling Mills) Chomutov enterprise between 140 and 150 million korunas by the end of this year. According to Jozef Pucholt, VT Chomutov economic director, the company will lose contracts for about 10,000 tons in the fourth quarter of the year because its customers "are not willing to conclude contracts under these conditions." A similar loss is to be expected in the first quarter of next year, Pucholt added. VT Chomutov expects to produce 175,000 tons of pipe this year, compared with 300,000 tons in 1991. The production decline has been caused mainly by the insolvency of customers from the former Soviet Union, who used to import 100,000 tons of pipe from Chomutov annually. In an interview with the Prague daily HOSPODARSKE NOVINY, Pucholt criticized the EC sanctions, saying that the Chomutov company's export prices were not subsidized and were higher than domestic prices. This year the company has exported some 30,000 tons of pipe to Western markets. The EC charge of dumping was also rejected by Vladimir Petr of the Czech Ministry of Industry and Trade, who attributes the lower price of Czechoslovak steel to the use of Ukrainian iron ore, which costs \$13.50 to \$14 per ton (compared with \$48 to \$52 for iron ore imported from overseas); to lower wage costs, which represent only 8 to 9 percent of total costs (compared with 20-28 percent in Western steel mills); and to lower transportation costs. Petr admitted, however, that these cost benefits are only temporary. (Prague HOSPODARSKE NOVINY in Czech 19 Nov 92 p 3) Unlike VT Chomutov, the Vrkovice company will not be hurt by the EC sanctions. According to Jaromir Vlcek, director of the metallurgical division of Vrkovice, the company knew about the planned EC measures and completed a "substantial part" of its exports by 31 October. Only some 4,000 tons of pipe are left, Vlcek said, which the company will now try to sell on non-EC markets. (Prague RUDE PRAVO in Czech 19 Nov 92 p 8 AU)

VAT IMPACT ON PRICES: The greatest price increases after the introduction of the new tax system on 1 January 1993 can be expected in public catering and tourism services, Emanuel Sip, director of the Price Department at the Federal Ministry of Finance, wrote in an article in the 19 November issue of LIDOVE NOVINY. This is because these services, which have not been taxed until now, will be subject to the basic VAT rate of 23 percent. Prices of building materials, wood products, motor oil, and repairs of consumer durables, such as electric appliances, cars, and furniture, should increase approximately 9 percent, according to the change in tax rates. Prices of imported consumer goods can be expected to increase about 7 percent as a result of the replacement of the 15 percent import duty with the 23 percent VAT rate. Most food and fuel prices, which will be subject to a VAT rate of 5 percent, should increase about 5 percent. Prices of a wide variety of domestic industrial products, such as passenger cars, agricultural machinery, furniture, or footwear, should decrease by about 2 percent. More noticeable, however, should be a 7 percent decrease in the price of books, newspapers, magazines, pharmaceuticals, vegetable fats and oils, glass-cutting and book-binding services, and private construction work. Prices of domestically

manufactured textiles, clothing, and tires should decrease as much as 13 percent. The greatest price reductions can be expected for products made of precious metals (25 percent) and domestically processed coffee and tea (35 percent). Sip cautioned, however, that these projections are only "very rough estimates" because a change in taxes need not necessarily mean a corresponding change in prices. Overall, the introduction of VAT is expected to increase prices by approximately 6 percent, Sip wrote. (Prague LIDOVE NOVINY in Czech 19 Nov 92 p 6 AU)

SKODA RAILROAD CARS FOR GERMANY: During negotiations held in Plzen on 18 November, representatives of the German Guewag company, which is part of the Siemens concern, confirmed their interest in railroad cars from the Skoda Plzen concern. The first 30 to 50 railroad cars should be delivered to Germany by the end of the year. By the end of September 1993, Skoda should produce some 650 railroad cars for Guewag. (Prague MLADA FRONTA DNES in Czech 19 Nov 92 p 2 AU)

'BUSH FUND' CREDITS: Czechoslovak businesses have obtained \$7.4 million worth of credits from the so-called Bush Fund by the end of October 1992. Credit transactions worth an additional approximately \$12 million are in the works. Businessmen in the Czech Republic received about 47 percent and businessmen in Slovakia 53 percent of the credits extended so far. As Stephen Wald, director of the American-Czechoslovak Fund, told HOSPODARSKE NOVINY, more than 50 percent of the credits have been extended to businesses with fewer than 30 employees. (Prague HOSPODARSKE NOVINY in Czech 20 Nov 92 pp 1, 3 AU)

INTEREST RATES RAISED: Komercni Banka (Commercial Bank) is raising interest rates for certain types of longer-term deposits as of 1 December. The new interest rates for fixed-term deposits range between 13 percent for 24-month deposits and 15.25 percent for 60-month deposits. The new interest rates apply only to deposits made after 30 November. (Prague MLADA FRONTA DNES in Czech 21 Nov 92 p 14 AU)

AVERAGE DURATION OF UNEMPLOYMENT: According to a survey conducted in June, 41 percent of the unemployed in the Czech Republic manage to find a new job within 3 months; 21 percent need between 3 and 6 months; 12 percent between 6 and 9 months; 9 percent between 9 and 12 months; and 17 percent need more than 12 months. (PRAGUE HOSPODARSKE NOVINY in Czech 23 Nov 92 p 1 AU)

REDUCED RAIL FARES FOR COMMUTERS ABOLISHED: Reduced monthly and weekly rail passes for commuting workers will be abolished in the Czech and Slovak Republics as of 1 January 1993. Reduced rail passes for students and free travel for CSD (Czechoslovak National Railroads) employees and their family members will be preserved. Commuters using the train will still be able to purchase monthly tickets that will be cheaper than the full fare. Reduced fares for commuters using the bus will also be abolished next year. According to Czech Minister of Economy Karel Dyba, workers commuting to work by bus will be able to deduct 200 korunas a month from their taxable incomes for commutes of less than 30 kilometers and 300 korunas a month if the commute exceeds 30 kilometers. (Bratislava PRAVDA in Slovak 24 Nov 92 p 2 AU)

H U N G A R Y

COOPERATION AGREEMENT WITH INDONESIA: Hungarian companies will be taking part in the construction of bus factories, power plants, and food processing plants in Indonesia under a bilateral cooperation agreement. Indonesia sees Budapest as a gateway to Europe and plans to open a trade center in Budapest soon to promote the export of Indonesian goods and services to Eastern Europe. (Budapest MTI in English 1746 GMT 5 Dec 92 AU)

1993 FOREIGN DEBT REPAYMENT: Hungary has to repay \$2.3 billion worth of foreign debt next year. However, it is increasingly difficult to make estimates as more Hungarian firms are raising money abroad. This year, firms took out approximately \$700 million in foreign loans, and the conservative estimate for next year is \$600 million. In 1993, the Hungarian National Bank (MNB) plans to issue \$1-1.5 billion worth of bonds abroad and expects foreign working-capital investment to remain unchanged at \$1 billion. Also, the MNB is likely to have access next year to installments under a three-year agreement with the IMF, providing a loan of \$400 million. This year, the MNB did not draw installments under the agreement. The World Bank and the Japanese Export-Import Bank are expected to grant Hungary total loans of \$350-400 million. (Budapest MTI in English 1055 GMT 7 Dec 92 AU)

IKARUS HOPES TO FORM JOINT VENTURE WITH U.S. COMPANY: Ikarus Rt hopes to form a joint venture this year with the U.S. Ikarus-USA, now owned by the American-Hungarian Investment Fund. Ikarus has been present in the U.S. market since 1988, when the U.S. company UCBC, a producer of pickup trucks, founded Ikarus-USA to produce Ikarus-400 buses adapted to American needs in cooperation with Ikarus Rt. Since 1988, Ikarus-USA has manufactured more than 400 buses, which are now used in Houston, San Diego, and Pittsburgh. Hungary provides the chassis and bodies for buses produced in the United States. However, when the UCBC group's annual production of 36,000 trucks fell to 12,000 due to a drop in demand and UCBC collapsed this spring, it dragged Ikarus-USA down with it. At the time, Ikarus-USA owed Ikarus Rt \$1.7 million, and the American-Hungarian Investment Fund entered the scene, buying Ikarus-USA and paying its debts, preserving continuity of production. The new U.S.-Hungarian cooperation is expected to take the form of a joint venture, with the Hungarian company holding a one-third stake and the U.S. company two-thirds. The American-Hungarian Investment Fund will contribute \$100,000 to the joint venture, while Ikarus Rt's contribution in kind will be worth \$50,000. (Budapest MTI in English 1146 GMT 8 Dec 92 AU)

SEVEN-BILLION-FORINT BOND ISSUE: The Finance Ministry is to issue the first fixed-rate government forint bonds to which both domestic and foreign investors may subscribe. The issue will be the first of its kind organized by brokerage firms rather than the Hungarian National Bank. The bonds are to be issued to the value of 7 billion forints (\$90 million) early next week, and will be available up to December 4. They will expire in five years and carry an annual interest rate of 16 percent. Further similar issues are also planned since the ministry gives preference to market methods in raising funds. In light of the fact that domestic personal savings stood at 200 billion forints (\$2.5 billion) this year, the minister welcomed the move of financing the deficit of the state budget from government

securities rather than loans. (Budapest MTI in English 1344 GMT 25 Nov 92 AU)

FURTHER STATE BOND AUCTIONS: The Hungarian National Bank (MNB) is to hold a new state bond auction on 15 December, at which banks and brokerage companies can bid for state bonds totalling 30 billion forints. The date of issue of the bond, coded 1994/b, is 18 December, maturity is two years, while annual interest is 17.5 percent. The lowest bid at the auction must reach 99.7 percent of the face value. The bonds are to be introduced onto the Budapest stock exchange. The MNB is planning to hold another auction on 21 December for state securities worth 15 billion forints. The bonds will have a maturity of four years and annual interest of 16.5 percent. The date of issue is 28 December, while the minimum bid will be 99.45 percent of the face value. The MNB has issued two series of state bonds for auction sales this year. Fifteen billion forints worth of 1995/a bonds were auctioned on 1 October. The total 44 bids received covered the total value of the issued securities. While the minimum acceptable bid in this auction was 100 percent, equivalent to an annual yield of 17.71 percent, the average selling price reached 100.19 percent, with an average annual yield of 17.59 percent. The maximum yield amounted to 17.71 percent. Maturity of 1995/a bonds is three years. They have to be redeemed in a lump sum and bear interest which will decrease annually, from 21 percent in the first year to 17 percent in the second and 14 percent in the third. The auction of 1995/b bonds was held on 9 November. A total of 13 bids were made for state bonds worth a total 20 billion. The total value of bids exceeded the value of the issue by 480 million forints, but oversubscription was not accepted. The average selling price reached 100 percent, equalling the lowest acceptable price. The average annual yield amounted to 17.71 percent. Conditions attached to 1995/b bonds are the same as those for the 1995/a series. (Budapest MTI in English 0945 GMT 8 Dec 92 AU)

SUCHARD MARKET SHARE GROWS: Two new deals were announced by Switzerland's Jacobs Suchard Inc. on 7 December. The company has bought the Budapest Csemege Confectionery Factory and shares of the Jacobs Suchard Budapest Ltd. so far held by Stollwerck. Analyzing the background of the deals, the 8 December issue of the daily VILLAGGAZDASAG says, in 1991, Jacobs Suchard formed a joint venture with the Budapest Confectionery Factory, Hungary's largest, then state-owned, confectionery factory. With the progress of privatization, the Budapest Confectionery Factory has been bought by Germany's Stollwerck. Thus Stollwerck and Jacobs Suchard became co-owners in the coffee-producing company. Last week, Stollwerck decided to sell its shares to Jacobs Suchard. Simultaneously, another deal was concluded by the sides. Jacobs Suchard bought the Budapest Csemege Confectionery Factory from Stollwerck. The factory is to produce certain Milka products and other types of chocolate. The factory employs 600 people. Its annual capacity is 15,000 tons. (Budapest MTI in English 0848 GMT 8 Dec 92 AU)

GERMAN CONFECTIONER RESTRUCTURES TO KEEP TOP POSITION: Stollwerck Ag will build a new confectionery factory near Budapest as part of a restructuring plan to maintain its leading position in Hungary's confectionery market, a Stollwerck Budapest official announced. The company will invest 60 million German marks in a new, 100,000-square-meter

plant which will employ 600 people. Construction will start next April, and production should begin in spring 1994. At the Budapest Chocolate Factory, the company recently completed a new assembly line worth several million German marks which will produce a special chocolate. Also, plants at its Zamat Complex have been sold to Nestle, which will continue producing the well-known Zamat biscuits for Stollwerck. Zamat was also producing coffee and instant drinks under a Nestle patent, but Stollwerck has decided not to continue in the tough international coffee market. (Budapest MTI in English 0924 GMT 8 Dec 92 AU)

CATERPILLAR JOINT VENTURE INAUGURATED IN GODOOLLO: A joint venture of the U.S. Caterpillar and Hungary's Godollo Machine Works to produce earth-moving machines has been inaugurated in Godollo. The Godollo Machine Works contributed 200 million forints worth of buildings and equipment to the new joint venture, while the U.S. company contributed cash worth 150 million forints. The joint venture plans to deliver spare parts worth 80 million forints to Western European Caterpillar plants this year. They expect to produce 500 million forints worth of goods with 250-300 employees next year. (Budapest MTI in English 0833 GMT 8 Dec 92 AU)

GANZ ANSALDO TO EXPORT SWITCH UNITS TO KUWAIT: The Italian-Hungarian joint venture Ganz Ansaldo Electric is to produce switch units worth \$6.2 million for Kuwait under an agreement signed in Budapest recently. Hungary's Transelektra foreign trade company, Ganz Ansaldo's trade partner, won a tender advertised by Kuwait's Electricity and Water Ministry before the Gulf war. The equipment, however, was destroyed in the war, so the agreement was concluded anew under unchanged technical conditions. Transelektra acts as prime contractor in deals worth \$45-50 million in Kuwait. Ganz Ansaldo is starting to deliver the units early next year. The prime contractor is to completely fulfill the order in 24 months. (Budapest MTI in English 0753 GMT 8 Dec 92 AU)

EXPORT GROWTH TOPS 12 PERCENT: Over the first 10 months of 1992, exports amounted to \$8,545 million, an increase of 12.2 percent over the same period last year. The increase has been largely due to the EC market, which takes up over 50 percent of Hungary's exports. Sales rose by 25 percent to EC countries, by 15 percent to Eastern Europe and by 7 percent to European Free Trade Agreement (EFTA) markets. Deliveries to the developing countries fell by a third. The proportion of processed and consumer goods has increased within overall exports. Imports made up 97.2 percent of last year's, and totalled \$8.978 billion. The foreign trade balance by customs statistics was \$433 million. With a drop in non-paying items, foreign trade traffic showed a surplus of \$17 million during the first 10 months of this year. (Budapest MTI in English 1449 GMT 24 Nov 92 AU)

AUDI ENGINE-PART FACTORY IN GYOR: The supervisory board of Audi AG authorized the factory leadership to start concrete talks with the town of Gyor on purchasing a 200-hectare construction area. The above was reported by Porsche Hungaria, the Hungarian brand representative of Audi. According to plans, a subsidiary owned 100 percent by Audi is to be set up in Gyor for the production of new generation engine components. From mid-1994, 1,000 engine parts will be turned out daily by 200 workers. The investment

is valued at 320 million German marks. (Budapest MTI in English 1822 GMT 25 Nov 92 AU)

TOURISM BALANCE SHOWS \$500-MILLION SURPLUS: In the first nine months of the year, the tourism balance showed a surplus of over \$500 million. In this period, revenues from tourism increased to \$925.5 million, 17 percent, while expenditures stood at \$408.7 million, 16 percent more than in the same period last year. The surplus made up \$516.8 million, almost \$80 million more than in the same period of 1991. The surplus of the tourism balance is expected to surpass the \$1 billion record of last year.

(Budapest MTI in English 1407 GMT 25 Nov 92 AU)

DUTCH ABN AMRO BANK TO OPERATE IN HUNGARY: The Dutch ABN Amro Bank has received the preliminary go-ahead from the Hungarian Government to set up a wholly-owned bank in Hungary. Max Schimmelpenninck, head of the ABN Amro Bank office in Budapest, said that the bank may be set up next January and start operations in February. The founding capital of the bank, which will offer full banking services, will be 1 billion forints (\$12.5 million). Amro Bank has 500 offices in 55 countries. (Budapest MTI in English 0818 GMT 27 Nov 92 AU)

TRADE TALKS WITH AUSTRALIA: Possibilities to boost trade with Australia was the subject of recent talks between Hungarian Foreign Economic Minister Bela Kadar and Australian ministers in Canberra. It was promised that Australia would soon relieve Hungary of discriminative practices it currently applies in its trading with Hungary. Australian investments in Hungary approach the value of \$100 million. Businessmen in Kadar's entourage held promising business talks with Australian partners: The general director of the Szeged Pick Salami Factory on a joint production venture to be founded in Australia, the emissary of Investel Rt-Matav on telephone system development, the chairman of Oroshaza Agro-M Rt on the company's privatization with Australian participation, the general director of the Hungarian Foreign Trade Bank Co. on possible uses of the export credit offered by Australia, and the deputy chairman of the National Industrialists' Association Chamber of Artisans on future cooperation between the two countries' professional unions. (Budapest MTI in English 1314 GMT 27 Nov 92 AU)

EFTA AGREEMENT EXPECTED THIS YEAR: Hungary expects to sign a multilateral agreement with the European Free Trade Association (EFTA) before the year is out. Talks in recent weeks have settled the most controversial questions, except for the issues of the extent and conditions for protective measures and questions on trade in fishery and processed food products. Agricultural allowances continue to be the most difficult issue in talks held by Hungary separately with the various EFTA countries, because of members divergent positions and agricultural policies. Agreement is seen within reach for most partners, and the initially sluggish talks with Austria have also gathered momentum. (Budapest MTI in English 1403 GMT 27 Nov 92 AU)

SHRINKING FOREIGN TRADE DEFICIT: A \$1.2 billion improvement in Hungary's foreign trade balance leaves the deficit after the first 10 months of 1992 at only \$433 million, International Trade Secretary Lajos Berenyi reported while giving the current state of talks between

Czechoslovakia, Hungary, and Poland on coordinating goods lists to establish free trade. Coal, steel, and textiles remain the major sticking points. Over the last 10 months, Hungary's exports have grown by 12 percent, or \$8.5 billion, a 6-percent growth in real value. Imports, at \$8.9 billion, have dropped by 3 percent against the same period last year, an 8 to 10-percent drop in real value. Fifty percent of Hungarian exports went to the EC, 22.5 percent to former socialist countries, 15 percent to European Free Trade Agreement (EFTA) countries, and 5 percent to developing countries. Of the imported goods, 41 percent came from the EC, 26 percent from the former socialist countries, 21 from the EFTA states, while the share of developing countries was 4 percent. (Budapest MTI in English 1647 GMT 30 Nov 92 AU)

CONSUMER PRICES TO RISE 16-19 PERCENT IN 1993: Consumer prices are expected to rise by 16 to 19 percent next year. The main target of monetary policy in 1993 will continue to be to cut inflation and maintain the country's solvency. The Hungarian National Bank (MNB) considers the government's inflation forecast of a 16-19 percent rise in consumer prices in 1993 to be well-founded. The bank has even prepared more optimistic calculations. The bank is planning to issue securities, in cooperation with the Ministry of Finance, to cover some of the older state debt. The MNB determines its monetary policy on its own. A part of this is to regulate the reserves of commercial banks, interest policy, open market transactions, and credit transactions. However, it decides in exchange rate policy issues in cooperation with the government. Foreign currency reserves of the bank currently total \$4.6 billion, which is lower compared with the previous years. However, this is due to the strengthening of the dollar, rather than a decline in reserves. There is a major surplus in the current balance of payments, and the flow of capital to the country is steady, which means there are no changes in the processes that have contributed to the forming of the major reserves. The MNB believes the current, annual \$500 foreign currency tourism allowance of hungarian citizens should be increased. It is planned to implement this early next year. Talks with the IMF, which broke off in August, could soon be renewed, if Parliament passes a decision on the 1993 budget this week. Hungary has a three-year valid agreement with the IMF. Of the four credit tranches scheduled for this year under the agreement, the MNB called down only one at the beginning of the year, as the budget deficit considerably differs from that planned (it is expected to total 200 billion forints instead of the planned 70 billion forints). (Budapest MTI in English 1241 GMT 30 Nov 92 AU)

APOR GAS STATIONS PRIVATIZED: All but six of the 188 AFOR gasoline stations throughout Hungary have been sold to outside bidders or to their present managers, yielding 144 million forints in privatization revenues. (Budapest FIGYELO in Hungarian 26 Nov 92 p 8)

TAURUS PRIVATIZATION DELAYED: To date, State Property Agency (AVU) efforts to sell the Taurus Rubber Works as a single unit have failed. AVU is presently trying to sell individual units of the enterprise, but, thus far, none has been sold. (Budapest FIGYELO in Hungarian 26 Nov 92 p 8)

BUDAPEST GROCERY CHAIN PRIVATIZATION DELAYED: The State Property Agency (AVU) has failed to meet the 15 November deadline for developing a plan for

the second round of privatization involving 110 KOZERT enterprises in Budapest. Of the 330 shops offered for privatization in September 1991, 151 remain unsold. "At present, the privatization commissioner in charge does not even have an office, and officials of the Ministry of Industry and Commerce are unable to contact him. The timing of the KOZERT privatization is very important from the standpoint of state revenues. The pre-privatization of grocery store outlets produced 15-20 billion forints in revenues, and the privatization of KOZERT outlets would probably produce a similar amount for the state budget." (Budapest FIGYELO in Hungarian 26 Nov 92 p 8)

DIOSGYOR MACHINE WORKS TO PRODUCE WEAPONS FOR ARMY: State Secretary Jeno Laszlo, head of the Military Industry Office, has announced that the weapons manufacturing plant of the Diosgyor Machine Works -- under liquidation for the past two years -- could recover from its crisis by producing weapons as well as spare parts for existing weapons for the Hungarian army and border guards. Laszlo believes that Diosgyor has both the know-how and the technical background to accomplish this. (Budapest FIGYELO in Hungarian 26 Nov 92 p 8)

ECONOMIC RESEARCH FIRM TO BE PRIVATIZED: The State Property Agency (AVU) provided an option to approximately 40 percent of Kopint-Datorg's more than 200 employees to buy a stock package with a nominal value of 87 million forints and to pay off the amount by the end of November 1993. AVU was unable to sell the stock through an open tender process. If the employees take advantage of their pre-purchase right, they would acquire ownership of more than 50 percent of the firm, with a value of 304 million forints in basic capital. In previous stock offers, employees were able to purchase Kopint-Datorg stock at 95-percent and 50- percent discount, pursuant to the provisions of the Law on Transformation. The present package must be bought at nominal value. Eighty-two of the 87 employees approached responded favorably to the offer. (Budapest FIGYELO in Hungarian 26 Nov 92 p 8)

SIEMENS INVESTS ADDITIONAL FUNDS: Siemens invested a total of 900 million forints to renew certain existing buildings of Siemens Telephone Works Ltd. in Budapest (380 million forints), to install machinery and instruments (worth 200 million forints) in the new 2,000-square-meter space, to establish EWSD [digital switching equipment] planning and service facilities (170 million forints), and for infrastructural development (150 million forints). Plans call for the manufacture of 250,000 central telephone stations in the EWSD plant, capable of satisfying MATAV's [Hungarian Telecommunications Enterprise] needs next year. Siemens Telephone Works Ltd. is counting on a 1992 sales volume of 2.1 billion forints and is planning to sell 4.2 billion forints worth of equipment in 1993. Almost half this volume will be produced in the new plant. (Budapest FIGYELO in Hungarian 26 Nov 92 p 8)

MALEV AIRLINE PRIVATIZATION NEAR COMPLETION: According to unofficial information, Alitalia and Lufthansa, the Italian and German airlines respectively, are the only remaining bidders in the tender process for Hungary's MALEV airline. Nevertheless, a MALEV executive cautioned that the privatization effort could still fail, mainly because of global

economic conditions affecting the airline industry. (Budapest FIGYELO in Hungarian 26 Nov 92 p 36)

CONSUMER PRICE CHANGES REPORTED: The Central Statistics Office reports that, as of October 1992, consumer prices in various categories have increased by the following percentages:

	COMPARED TO DEC 1991	OVER 12 MONTHS
Food products	21	26
Alcoholic beverages, tobacco products	19	21
Clothing	9	17
Durable consumer goods	6	7
Household energy	12	18
Health care	18	39
Books, newspapers, educ. materials	22	38
Local mass transportation	28	28
Other, fuels	16	22
Services	19	26
 TOTAL	 15	 21

(Budapest FIGYELO in Hungarian 26 Nov 92 p 8)

MATAV PRIVATIZATION, TELECOMMUNICATIONS LAW DISCUSSED: Arguments presented by those who favor a MATAV (Hungarian Telecommunications Enterprise) empire: "MATAV, the ministry having jurisdiction over telecommunications, and the State Property Agency (AVU) firmly believe that MATAV's monopoly over public telephone services -- i.e., more than 90 percent of the telecommunications market -- should be preserved, and that MATAV should be privatized as a single unit, with retention of a controlling interest by the state. Telecommunications is of strategic concern, the state must not surrender the possibility to play a direct role. From the standpoint of foreign investors, MATAV is valuable only as a single unit and as a monopoly. Only MATAV's monopoly guarantees telephone service in areas where telecommunications development is not economical. Having competing service organizations in various areas is not economical due to the size of the country. The operational feasibility and technical requirements of the network demand a centrally directed, uniform development." Counter arguments: "A direct role by the state in telecommunications hinders development and reduces operating efficiency. European government telecommunications organizations show a serious competitive disadvantage as compared to telephone companies in the United States. MATAV's monopoly does not hinge on market considerations but on political decisions. Therefore, the question of whether to sustain the monopoly is also a matter of political will. This, however, presents a risk factor to investors which in turn depreciates MATAV! Still today, MATAV's monopoly guarantees development in only densely populated areas, i.e., districts promising large profits. Operating the network presents no concern if digital central stations are used. They can be connected without any particular technical problem and without added expense and can be operated even if the equipment is produced by several different manufacturers." In September, the government rewrote its legislative proposal on telecommunications; nevertheless, as a result of what promised

to be "refinements," 130 amendments were introduced in parliament as of mid-November. Most amendments were submitted by the SZDSZ (Alliance of Free Democrats) and focused on the elimination of MATAV's monopoly with respect to both domestic and international telephone services. The idea of totally eliminating MATAV's monopoly after the enactment of the law enjoyed the unanimous support of the parliamentary Committee on Constitutional Law, but the Telecommunications Subcommittee of the Committee on the Economy, chaired by MDF (Hungarian Democratic Forum) Representative Kalman Katona -- also a member of the MATAV board of directors -- argued differently. The law was expected to be adopted by parliament in late November. (Budapest FIGYELO in Hungarian 26 Nov 92 p 9)

ECONOMIC PROJECTIONS: The current account surplus may exceed all expectations and rise to \$800 million, while currency reserves may reach \$6 billion by the end of the year, enabling the country to meet its debt service obligations safely, a Finance Ministry official said at a conference economic prospects from 1993 to 1996. In 1993 the country's gross domestic product (GDP) is expected to stagnate or perhaps show a maximum growth of 3 percent, while the projected inflation rate will be 16-19 percent. This year, exports have grown by 5-6 percent and the Finance Ministry expects them to stay at that level until the end of the year. Data has shown that markets are shifting. The pace of inflation has slowed. In 1992 the increase in production prices will remain under 12 percent and the increase in consumer prices under 23 percent. Industrial production is stagnating at the same low level as late last year. The drop in agricultural production is expected to continue, aggravated by the drought and, contrary to government expectations, the GDP will remain 5 percent below last year's level. By September, the number of unemployed rose to 620,000, a 12-percent rate, and is expected to climb to 700,000 by the end of the year. Considering this year's experience, the government expects the decline in economic output to stop next year, and sees some growth possible in certain spheres. The government will make no attempt to invigorate the economy arbitrarily. In 1993 the GDP may grow by a maximum of 3 percent. Growth of 2-4 percent may start in 1994. The number of jobless is expected to increase next year to as many as 900,000. Inflation will be about 16-19 percent in 1993, and is expected to drop to 11-13 percent by 1994. (Budapest MTI in English 1620 GMT 18 Nov 92 AU)

COAL PRICE NEGOTIATIONS: Representatives of the government, the Hungarian Electric Energy Ltd (MVM Rt), and mining trade unions have recently started negotiations on the amount and price of coal MVM will buy from the mines next year. If there is no agreement, it could lead to the closure of some mines. There is a sharp debate on which party breached the agreement under which MVM Rt would buy 14 million tons of coal this year from the mines at fixed prices. The MVM says that the mines violated the agreement by supplying imported coal mixed with Hungarian coal, causing serious damage to MVM plants which are constructed to take the heat value of Hungarian coal. Hungarian power stations buy heating coal from the mines for an average of 2,500-3,000 forints per ton, but MVM says that the price of imported coal mixed with Hungarian coal is 30-50 percent less, because in the neighboring countries coal is still significantly subsidized. (Budapest MTI in English 1030 GMT 18 Nov 92 AU)

BUDGET DEFICIT: The central budget deficit stood at 160.4 billion forints (83.5 forints to the U.S. dollar) at the end of October, according to the Finance Ministry. Revenue over the first 10 months was 614.8 billion forints, and 775.2 billion forints were spent. The deficit grew by 19 billion forints in October, following an increase of 18.3 billion forints in September. (Budapest MTI in English 0736 GMT 18 Nov 92 AU)

TALKS WITH EFTA NEARING COMPLETION: The next, and presumably last, round of talks with the European Free Trade Association (EFTA) will be held in the first half of December. An agreement was reached with EFTA on most issues regarding the free trade of industrial products. If bilateral agricultural coordination talks with the individual member countries are also successful, the free trade agreement could be signed in mid-December. Three issues are still pending: measures that could be taken to protect Hungarian industry, trade in fishing products, and trade of processed products. (Budapest MTI in English 1845 GMT 22 Nov 92 AU)

BUSINESS MEETINGS WITH ISRAELIS: More than 1,000 business meetings are to be held by Hungarian and Israeli entrepreneurs during the event called ITECH '92 on November 23-24. The event, organized jointly by the Israeli Export Institute and the Israeli Embassy in Hungary, will be attended by more than 30 Israeli businessmen and representatives from about 420 Hungarian companies. Talks on setting up joint ventures in the food, pharmaceutical, and energy industries are well in progress between the two countries. Two-way trade was \$26 million for both Hungary and Israel over the first nine months of the year, and this figure lags behind the potential. (Budapest MTI in English 1302 GMT 23 Nov 92 AU)

P O L A N D

GOVERNMENT ECONOMIC DELEGATION TO VISIT PRC: A Polish Government economic delegation led by the head of the Central Office of Planning, Jerzy Kropiwnicki, left for the PRC for economic talks on Thursday, 3 December. The visit, scheduled for eight days, will serve to examine the possibilities of increasing Polish exports to China as well as clearing accounts of to-date barter exchange. The Polish delegation, including senior government and banking officials, will be received by the Chinese minister in charge of the State Planning Commission, Zou Jiahua, and will hold talks in the State Commission for Restructuring of the Economy as well as in the Ministry of Commerce and Finance. (Warsaw PAP in English 2010 GMT 3 Dec 92 AU)

MANAGEMENT BUYOUT PRIVATIZATION PLANS: Poland's Privatization Ministry is now seeking management teams to take control of the first 15 companies available for sale under its buy-out/buy-in scheme, Ministry Director Jan Sidorowicz announced on Thursday, 3 December. Under the ministry's proposals, management groups -- Polish or foreign -- are sought to see through a restructuring of the firms included in the scheme, as a preparatory stage to their eventual privatization. The groups can be either legal or natural persons: banks, consulting companies, the firms themselves, or their present boards, Sidorowicz explained. Firms are to be auctioned to interested management groups on the basis of a forecast increase in the value of a particular firm during the restructuring period.

A winning group in an auction is to pay a deposit equal to a proportion of the firm's value -- 5 percent for Polish management teams, 10 percent for foreign groups. On the basis of the amount specified at the auction, the winning management group will receive a commission when a controlling 51 percent interest in the firm is eventually sold. This will take the form of shares in the company, equal in value to 70 percent of the firm's growth in real terms. (Warsaw PAP in English 2249 GMT 3 Dec 92 AU)

PERNOD SETS UP DISTRIBUTION COMPANY: French drinks giant Pernod Ricard, producer of several world-famous brands, has established a joint venture company to promote and sell its products, the AFP news agency announced on Thursday, 3 December. The company will be based in Katowice, southern Poland, and Pernod Ricard will have a 49 percent stake in the venture, with its Polish partners holding the remainder. (Warsaw PAP in English 2251 GMT 3 Dec 92 AU)

BRITISH FIRM TO LAUNCH TAX INFORMATION CAMPAIGN: A contract for organizing the information campaign in Poland related to the Personal Income Tax (PIT) and the Value-Added Tax (VAT) was signed by the British "Ogilvy Adams and Rinehart" firm and the Ministry of Finance on Friday, 4 December. The campaign, to cost 2 million ECU, will be financed from the "PHARE" [Economic Reconstruction Aid for Poland and Hungary] fund. The campaign about PIT will be launched this year mainly to inform the citizens about their obligation to submit tax statements till the end of December. After the new year, information brochures will be sent to every household as part of the advertisement campaign, and seminars for specialists are planned. The information campaign related to VAT will start after the adoption of the VAT law. "Ogilvy Adams and Rinehart" is a firm active in the United States and Western Europe that deals with public relations. (Warsaw PAP in English 2007 GMT 4 Dec 92 AU)

HIGHER TURNOVER TAX PLANNED: It is necessary to raise the turnover tax as of 17 December because the condition of the budget is dramatic and desperate and even small additional incomes are necessary, Jan Bazyl Lipszyc, adviser to the finance minister, said in Lodz at the Friday, 4 December, conference "Barriers to Private Enterprise," organized by the Democratic Union and businessmen. According to Lipszyc, the introduction of higher taxes is bound to result in rising inflation. "Only later will it be possible to size up whether the Finance Ministry calculations were correct and the raises necessary. Projections and expert analysis showed that it would be necessary to do this," the adviser to the finance minister said. (Warsaw PAP in English 2307 GMT 4 Dec 92 AU)

POLAND, ALBANIA TO EXPAND TOURISM: Poland and Albania are to expand tourist cooperation in line with a protocol signed on Saturday, 5 December, by Zbigniew A. Zalewski, chairman of the Office for Physical Culture and Tourism, and Osman Shehu, Albanian minister of transport. A cooperation agreement is to be signed next year. Zalewski said that cooperation will be profitable for the two sides as Albania is a very attractive country in terms of tourism and investment. We have been looking for new tourist places, particularly in the light of the situation in former Yugoslavia, which used to be a traditional holiday spot for Poles, he added. Shehu stated that tourism is one of the main directions of Albania's economic

development and that it has signed agreements on tourist cooperation with many European countries. (Warsaw PAP in English 1701 GMT 5 Dec 92 AU)

DRAFT LAW ON BANK, ENTERPRISE DEBT: A Sejm subcommittee has finished work on a draft law designed to get banks and state-owned enterprises out of debt. The draft includes plans to sell off debt in shares and allocate greater resources to beef up the funds of Polish banks. The legislative and budgetary committees are scheduled to jointly review the draft law on the financial restructuring of banks and enterprises on 4 December. The restructuring draft is not directly included in the package of government legislation pertaining to the budget for 1993. The government has, however, prepared a new article (Article 3) to be added to the budget, which authorizes the finance minister to emit restructuring bonds up to a value of 21 trillion zloty (about \$1.4 billion) to increase the reserve funds of both the state and banks. The draft being prepared by the subcommittee regulates the basis of conciliatory action in banking and the transformation of debt carried by public industry into shares by way of public sale. The draft is also closely tied to the government's "pact on state enterprise" and hence provides for the public sale of only 80 percent of shares as the pact reserves 20 percent of shares for workers. The stabilization fund, created three years ago by 18 states to speed up the convertibility of the zloty, will financially safeguard the banking system reforms. The Polish Government has the fund's approval to use \$500 million dollars out of the \$1 billion fund. (Warsaw PAP in English 1759 GMT 3 Dec 92 AU)

CABINET ADOPTS IMF LETTER OF INTENT: The cabinet office on Thursday, 3 December, adopted a draft of a letter of intent to the IMF entitled "Memorandum of the Polish Government on Economic Policy." Simultaneously, the cabinet authorized the finance minister and the president of the National Bank of Poland to turn to the IMF's managing director, Michel Camdessus, with a motion to reach an agreement. The letter covers a 14-month period up to March 1994. Finance Minister Jerzy Osiatynski told newsmen that the agreement will most likely be signed in the second half of January at the earliest. He added that if Poland meets executive criteria agreed with the IMF, it could count on a loan amounting to some \$700 million. The document provides information on economic and monetary policy which the Polish Government intends to implement in the coming future. Although some amendments were introduced during Wednesday's [2 December] interministerial debate chaired by Deputy Prime Minister Henryk Goryszewski, basic principles comprised in the government's assumptions on socio-economic policy for 1993 concerning budget and monetary policy remained unchanged. The signing of an agreement with the IMF will make it possible for Poland to benefit from foreign credits including those from the World Bank and to use the zloty stabilization fund. Minister Osiatynski said he hoped that the IMF will not reject the document after the Wednesday amendments which were of an "editorial character," as he put it. However, he added, the decision also depends on the Sejm, which is to pass the budget. (Warsaw PAP in English 1920 GMT 3 Dec 92 AU)

FOOD PRICES INCREASE: Food prices in the third ten-day period of November were higher on an average of 0.4 percent than in the previous ten days. The rise amounted to 2.6 percent in comparison with the third ten days of October, the Main Statistical Office (GUS) announced Thursday, 3

December. Fruit and vegetables, as well as dairy products and eggs, recorded the highest price increases of 1.4 and 1.2 percent, respectively. (Warsaw PAP in English 1949 GMT 3 Dec 92 AU)

NEW WARSAW HOTEL OPENS: The Bristol Hotel opens on Saturday (5 December) after 12 years of reconstruction work, representatives of the hotel management from the British "Forte" firm and Polish "Orbis" travel bureau told newsmen on Thursday, 3 December. Representatives of the "Forte" firm, which operates almost 800 hotels all over the world, said they want "Bristol" to join the group of 18 most exclusive five-star hotels managed by them. The price of a single room is \$240, suite between \$990 and \$1,190. (Warsaw PAP in English 1952 GMT 3 Dec 92 AU)

ITALIAN MEDIA OWNER BUYS SHARES IN PRIVATE TV STATIONS: Italian Nicolo Grauso has 33 percent shares in six out of nine currently operating Polish licensed and pirate private television stations. He also has a 40 percent share in the "ZYCIE WARSZAWY" daily. According to his own estimates, he has invested some \$8-10 million in Polish commercial television stations. Grauso, owner of the Sardinia-based biggest private TV station, "Videolina," and the UNIONE SARDA daily as well as shareholder of the IL MANIFESTO daily, said that he had decided to make investments in Poland two years ago because this was the place of "the biggest opportunities and chances in Central Europe." Asked whether he was not afraid to take risks connected with investing in private TV when there are no binding regulations on its operation, he admitted that there was a possibility of blocking his ventures. (Warsaw PAP in English 1800 GMT 5 Dec 92 AU)

EC REPORT ON VISEGRAD COUNTRIES' MEMBERSHIP: An EC Commission report prepared for the Edinburgh summit can be regarded as a response to the memorandum of Poland, Hungary, and Czechoslovakia addressed to the EC on 11 September of this year. Presenting the EC Commission's view on the memorandum, the report stresses that before full integration and EC membership of the Visegrad triangle countries, they must meet certain conditions, and "political decisions" will then have to be made according to the individual situation of each applicant country. Among these pre-conditions, the report mentions stability of institutions guaranteeing democracy, law-abidingness, human rights, and minorities' rights, as well as market economies and the ability to compete with rivals and market forces existing in the EC countries. The report says that at the present moment adopting any "calendar" of integration would be premature because such calendars will depend on the pace in which the candidate countries will cope with satisfying the above-mentioned conditions. (Warsaw PAP in English 1916 GMT 6 Dec 92 AU)

NEW WARSAW PRIVATE TV STATION: A new TV station was launched in Warsaw on Sunday, 5 December. The president of the new TV station, Michal Komar, said it will be a regional station broadcasting a lot of music, films, and local news. No special aerials will be required, Komar said, promising that the quality of broadcasting will improve soon. Programs are now available between 0700 and 0100 A.M., later round the clock. (Warsaw PAP in English 2015 GMT 6 Dec 92 AU)

ALCOHOL CONSUMPTION FIGURES: The average Pole consumes 12 liters of pure spirits annually, of which 65-70 percent is vodka, 13 percent wine,

and over 17 percent beer, according to a report recently issued by the Polish "Sobriety" League. From the age of 16, the average Pole drinks 80 bottles of vodka per year. This translates into approximately a bottle a week plus a "small reserve stock" for special occasions. Over 5 million working-age Poles, 90 percent of whom are men, consume over 50 percent of all alcohol on the market. Only 150-160 thousand of the over 1 million persons considered to be alcoholics are undergoing treatment. In 1986, Poles spent over 28 percent of their household food budget on alcohol. According to the sobriety league's report, this figure is not bound to decrease in the coming years. (Warsaw PAP in English 2024 GMT 6 Dec 92 AU)

LAND ROVERS SOON TO BE AVAILABLE: The first batch of Land Rover cars overhauled at the Ursus tractor factory and in a plant at Gorzow Wielkopolski will leave the plants in several days time. Father of the project, Aleksander Gavronik believes that "if things go as I want them to, we can sell 2-3,000 vehicles annually." Gavronik's company made a deal with Land Rover under which used cars with low mileage will be repaired and sold in Poland to foresters, geologists, the Army, and police. (Warsaw PAP in English 2118 GMT 6 Dec 92 AU)

AUSTRIAN FIRM TO OPEN FOOD STORE CHAIN: A modern network of food stores will be set up throughout the Opole province, southern Poland, by a meat enterprise in Opole and the Austrian delicatessen firm Julius Meinl, it was announced on Monday, 7 December. The first of the planned 28 stores meeting European standards will be opened next January under an agreement signed with the main shareholder in the Opole meat enterprise, the Austrian firm Penetex. (Warsaw PAP in English 1418 GMT 7 Dec 92 AU)

ALCATEL TELEPHONE EXCHANGE FOR NOWY SACZ: A new telephone exchange with about 5,000 numbers for new subscribers will be launched in Zakopane, a popular Polish ski resort, in mid-January, it was announced on Monday, 7 December. The exchange installed by Alcatel of Spain is the first step towards modernization of the telecommunications network in the entire region of Nowy Sacz province. Meanwhile, nearly 14,000 new subscribers in the port city of Szczecin, northwest Poland, received a new modern digital telephone exchange last Sunday [6 December]. (Warsaw PAP in English 1512 GMT 7 Dec 92 AU)

NATIONAL BANK CHIEF ON TRANSFORMING ECONOMY: The president of the National Bank of Poland, Hanna Gronkiewicz-Walz, said on Monday, 7 December, at Kielce that Poland needed seven more years to completely make the transformation from a command economy to the free market system. She was speaking at a meeting with local bankers and business people. Gronkiewicz-Walz thought that the main problems that needed solving in Poland's economy were lowering the rate of inflation, the budget deficit, and strengthening the banking system. She also said she believed that the recession had already been halted. (Warsaw PAP in English 1859 GMT 7 Dec 92 AU)

USE OF WORLD BANK CREDITS: Head of the World Bank mission to Poland, Ian Hume, said on Monday, 7 December, that Poland's use of World Bank funds would be accelerated in 1993. Ian Hume recalled that many investment programs on which the World Bank credits might be spent were launched under the Hanna Suchocka government. He added that the economic situation in

Poland was improving and demand for investment was growing. The head of the World Bank mission stated that the utilization of only \$600 million out of a World Bank credit amounting to \$2.6 billion between 1990 and 1992 was beyond the World Bank's expectations. Referring to President Lech Walesa's statement that the remaining money should be spent in Silesia, Ian Hume agreed that the region was a priority but stressed that all funds could not be concentrated in one region only. (Warsaw PAP in English 2127 GMT 7 Dec 92 AU)

GILLETTE GROUP BUYS WIZAMET METAL PLANT: On Tuesday, 8 December, the American Gillette group bought an 80 percent stake in the Lodz-based razor producer Wizamet for \$1.5 million. The remaining 20 percent of shares will go to the workers of the plant announced Andrzej Notkowski, head of the press office at the Privatisation Ministry. Under the law on joint ventures, the main shareholder in Wizamet can seek a tax holiday. If it gets it, the concern will be obliged to pay an additional \$900,000 dollars. The Gillette group committed itself to invest \$7.5 million dollars in the plant and maintain the present level of employment for a year. The American concern is a leading world producer of razors and shavers as well as selling stationery, while Wizamet is the only Polish producer of razors and shavers and, until recently, fully satisfied home demand. For the last two years Wizamet recorded losses due to the competition of Western firms. (Warsaw PAP in English 1714 GMT 7 Dec 92 AU)

EBRD OFFERS AGRICULTURE CREDIT: The European Bank of Reconstruction and Development has offered to grant credits to Poland for development of the food products industry and the infrastructure of the countryside. The offer was made during a meeting at the Ministry of Agriculture on Tuesday, 8 December. The aid would mainly be used to help modernize food production plants which deal in exports to former USSR countries. Credit would primarily go to support state and municipal investors. However, private investors would not necessarily be excluded, said Janusz Bylinski, deputy minister of agriculture. Further negotiations are expected to take place at the beginning of 1993, added Bylinski. (Warsaw PAP in English 1837 GMT 8 Dec 92 AU)

POLAND TO SIGN AGREEMENT WITH EFTA: The minister of foreign economic relations has been empowered by the government to sign an agreement with the European Free Trade Association (EFTA) on a free-trade zone. The agreement is expected to be signed at a meeting of EFTA foreign ministers in Geneva on Thursday, 10 December. The agreement initialed in Geneva on 6 November provides for establishing a free-trade zone between Poland and the EFTA members during a transition period lasting until 2001. According to Andrzej Byrt, deputy minister for foreign economic relations, the deal with EFTA will be more beneficial for Poland than the association agreement with the EC since EFTA will soon abolish all the duties on goods imported from Poland. The agreement with EFTA will also make negotiations with the EC easier as five EFTA member states have already applied for EC membership and thus they are to be Poland's partners in talks with the EC. (Warsaw PAP in English 0032 GMT 9 Dec 92 AU)

FARMERS ISSUE DEMANDS TO GOVERNMENT: Farmers want the government to protect Polish food market, reduce their debt, restructure agriculture, privatize state-owned farms, and to financially support agriculture in

1993, these are the main demands adopted by the Farmers' Protest Committee before sending them to the government, the press office of Rural "Solidarity" said on Tuesday, 8 December. The committee also wants immediate introduction of equalizing charges on imported foods, easy access to cheap credits for farmers, guaranteed prices on more farm products, and better care for state property. They also demand a welfare fund for farmers. The protest committee includes the National Union of Farmers, Farming Circles and Organizations, Rural "Solidarity," the "Samoobrona" (self-defense) trade union, and the Federation of Farm Producers. (Warsaw PAP in English 0046 GMT 9 Dec 92 AU)

SLUBICE JOINS WORLD TRADE CENTER NETWORK: The Polish border town of Slubice has decided to join the future World Trade Center (WTC) in Frankfurt am Oder, contributing 10,000 German marks and buying 10 percent of the company's shares, Marcin Jablonski of the Slubice town council announced on Wednesday, 9 December. The Frankfurt center is being formed under a license granted by the World Trade Center Association in New York, which guarantees that no similar center will be established in the area. By joining the center, which is to start operating shortly, Slubice and the town's businessmen will gain access to various services offered on favorable terms by WTC's international network, such as data banks, promotion and consulting, training of specialists, establishment of contacts with foreign firms. There are presently some 200 WCT centers around the world. The center in Frankfurt has received significant financial support from the Brandenburg government, which has paid \$150,000 for the WTC licence and earmarked over half a million German marks for the center's operation this year. (Warsaw PAP in English 1245 GMT 9 Dec 92 AU)

PRIVATE SECTOR GROWTH FIGURES: The private sector in Poland recorded a significant growth in the past two years as the number of private companies increased from 15,200 in 1989 to 54,300 in mid-1992. According to the Privatization Ministry, ownership changes covered a total of 2,100 state-owned enterprises and about 20 per cent of communal property in 1990-1992. The private sector could become a dominant one in the Polish economy within two or three years if the current pace of privatization is maintained and the state sector reduced by half. The private sector generated 45.3 percent of the gross domestic product last year, while its share in the total income accounted for 26 percent. However, these figures were not reflected in budget revenue as receipts from taxes levied on gross profits of private companies accounted for only 6 percent of total tax receipts. The private sector was developing very unevenly. Its share in the income generated by industrial sales accounted for 12.2 percent, in building construction for 42 percent, and in trade for 79.1 percent. A total of 447 state-owned enterprises were transformed by the end of September into treasury-owned joint stock companies designed for individual privatization or for the mass privatization program. Of that number only 45 enterprises were privatized, including 10 of them by way of public tender. The Privatization Ministry accepted 1,440 applications for privatization through liquidation by November, most of them from enterprises in a poor economic condition, including 87 qualifying for bankruptcy. The liquidation procedure was completed only in 7 percent of enterprises because of insufficient demand for the property of such firms and a lack of qualified staff to do it. (Warsaw PAP in English 1328 GMT 26 Nov 92 AU)

VOLVO-JELCZ JOINT BUS PRODUCTION: An articulated bus for municipal transport is to be produced at the car factory in Jelcz, southwestern Poland, in co-production with the Volvo Swedish company, was shown for the first time in Lublin on 26 November. First buses of this type are to appear in the streets of Wroclaw in half a year. This is an 18-meter-long bus taking 172 passengers, with 44 seats. It costs 1.5 million Swedish krone. The new Jelcz-Volvo bus was shown at an exhibition marking a meeting of directors of municipal transport enterprises from all over Poland in Lublin. The buses of such firms as Mercedes, Ikarus, MAN, Scania, Dennis and Dab were also shown at the Lublin exhibition. (Warsaw PAP in English 1542 GMT 26 Nov 92 AU)

HORTICULTURAL EXCHANGE OPENS IN POZNAN: A horticultural exchange was opened by Agriculture Minister Gabriel Janowski in Poznan, western Poland, on Thursday. It is a joint venture of the Polish and Swiss governments and the largest investment of the latter in east and central Europe. The agricultural market agency, the city of Poznan and over 200 private entrepreneurs also hold shares in the Poznan joint venture. Vegetables, fruits, and flowers will be traded at the exchange. (Warsaw PAP in English 1858 GMT 26 Nov 92 AU)

FINANCE MINISTRY FIGURES ON BOND TRADING: The Finance Ministry on Thursday released the results of trading of the state three-year and one-year bonds. The total of 670,983 three-year bonds of the first issue changed hands. Their nominal value reached 670.893 trillion zlotys (\$44,626,200). The nominal value of three-year bonds of the second issue, sold so far, totalled 412.784 trillion zlotys (\$27,518,933). The nominal value of already sold one-year bonds of the second issue totalled 626.893 trillion zlotys. (Warsaw PAP in English 2104 GMT 26 Nov 92 AU)

NEW POSTAL SERVICES: Communications Minister Krzysztof Kilian on Thursday said that the Polish postal service, taking advantage of the Bydgoszcz Giro Bank, will introduce new types of services, including noncash operations. Kilian added that the introduction the new system across the country will last four to five years. The minister told a press conference that there is a high possibility of price hikes for postal services in 1993. (Warsaw PAP in English 2118 GMT 26 Nov 92 AU)

KROSNO GLASS PRODUCER SIGNS U.S. CONTRACT: The "Krosno S.A." company will sell \$55 million worth of glass products to the United States in 1993 in effect of a deal clinched with 14 American firms, the company's president Jozef Harbat announced on 27 November upon returning from a business visit to the United States. The American order covers hand-made articles as well as 6 million automatically produced glasses. (Warsaw PAP in English 1256 GMT 27 Nov 92 AU)

DUTY-FREE AUTO IMPORT QUOTAS: The quota of automobiles which can be imported this year from the European Community countries without import duties was set at 30,100 on 26 November by Andrzej Arendarski, minister for foreign economic relations. No special arrangement has been made favoring particular automakers. The tariff-free quota comprises 25,000 automobiles without catalytic devices, 5,000 with the devices, and 100 trucks. On 27 November, Arendarski said that he did not expect the price of automobiles to drop significantly because of the quota. He did not think that the

limit of 30,000 would be exceeded this year. Last January, Poland proposed that the quota of 30,000 be divided among Volkswagen, Fiat, and General Motors. The EC negotiators protested that this arrangement was against free market principles. Since then, several Polish proposals have been rejected, resulting in the new quota. (Warsaw PAP in English 1513 GMT 27 Nov 92 AU)

POLFA, HOECHST AGREEMENT ON MEDICINE PRODUCTION: Polfa a producer of medicines in Fabianice, Lodz voivodship, signed an initial agreement with the German chemical concern Hoechst to manufacture new medicines, said Ryszard Harasym, Polfa deputy director for development, on 27 November. "Initial arrangements precede the signing of a long-term agreement to produce several drugs, like Trental, Tarivid, and Ramitril. Drugs made in cooperation between Polfa and Hoechst will be up to 40 percent cheaper than the imported ones," the deputy director said. (Warsaw PAP in English 2035 GMT 27 Nov 92 AU)

ELEKTRIM SIGNS GAS EMISSION CONTRACT: The Elektrim company has signed on behalf of Belchatow power station (Lodz voivodship) a contract with the Dutch firm Hoogovens Technical Services BV to build subsequent facilities for removing sulphur from emission gases in this power station. The contract is worth about \$55 million, according to Elektrim Spokesman Krzysztof Szczesniak. The Dutch firm started its cooperation with the Belchatow power station last year and is already in the course of building installations for desulphurization there. The investment is financed by the Dutch Union of Power Industry SEP and Polish local authorities. Up to now, Elektrim has signed three other contracts to carry out similar ecological investments in Polish power stations and is working on the fourth one. (Warsaw PAP in English 2321 GMT 27 Nov 92 AU)

SEJM PASSES SALES TAX BILL: The Polish Sejm (lower house of parliament) voted on Saturday to approve a government bill introducing value added tax (VAT) into Poland after 5 July 1993. However, the chamber rejected the government's proposals for the basic VAT rate of 22 percent to be applied equally to fuel and energy prices, voting instead for a preferential rate of 7 percent to be levied. Deputy Finance Minister Witold Modzelewski said after the voting that if implemented, the Sejm proposal for preferential rates for fuel could cut around 6 trillion zlotys (about \$400 million) from the projected budget income for 1993 and could lead to increases in fuel prices above the levels scheduled in the budget proposals. He added that the government would continue to try to persuade the Sejm to alter its decision. No changes were introduced to excise duties, which form part of the basis for VAT calculations. These duties affect 19 items, including petrol, cars, alcoholic spirits, cigarettes, hi-fi equipment and yachts. The bill passed by the Sejm did not include proposals discussed earlier to allow sheltered workplaces for the disabled to pay VAT at 50 percent of the basic rate. (Warsaw PAP in English 1907 GMT 28 Nov 92 AU)

OIL PRODUCTS DISTRIBUTOR TO RAISE PRICES: The oil products distributor CPN will raise the price of engine fuels by an average of 4 percent per liter as of 29 November, Jerzy Plichta, CPN deputy managing director for economic and financial questions, said on Saturday, 28 November. New prices are going to ensure profitability of fuel imports in view of the

growing exchange rate of convertible currencies, said Plichta. (Warsaw PAP in English 2110 GMT 28 Nov 92 AU)

SZCZECIN FACTORY TO BUILD CRANES FOR GERMANS: A construction machinery manufacturer in Szczecin, Zremb-Famabud, signed a contract with BKT Maschinenbau of Avenburg, Germany, for the supply of construction cranes worth about 3 billion zlotys (about \$200,000). The factory has recently been in a financial crisis, but this contract will enable it to further cooperate with German industry, which shows some demand for construction cranes and heavy construction elements. Zremb-Famabud may in future make a company together with its German partner, but, before that, it must be privatized, and its debt must be liquidated. Jerzy Klosowski, manager of Zremb-Famabud, said that British and Canadian companies were also interested in cooperating with his factory. (Warsaw PAP in English 2143 GMT 29 Nov 92 AU)

WARSAW DIGITAL COMMUNICATIONS NETWORK: Warsaw is the proud recipient of the largest and most modern digital telecommunications network in Central and Eastern Europe. Eight new telephone transit exchanges, provided by the Spanish firm Alcatel-Sesa, were activated on 30 November in the presence of Prime Minister Hanna Suchocka. The system, to serve over 1 million new subscribers in Warsaw and Warsaw voivodship, employs the latest fiber optics transmission technology. The investment, worth 1 trillion zlotys (\$67 million) and 60 million dollars, was covered in part by credits granted by the Spanish Government. Premier Suchocka assured Warsaw telecommunications representatives that improving Poland's telecommunications system is a top priority for her administration. (Warsaw PAP in English 1437 GMT 30 Nov 92 AU)

LOT AIRLINES PRIVATIZATION: On 30 November, the transportation minister signed a notarial act transforming "LOT" Polish airlines, a state-owned enterprise, into a treasury-owned joint stock company. The new LOT general manager, Jan Litwinski, was appointed chairman of the board of directors of the newly established company, while B. Liberadzki, deputy minister at the transportation ministry, was named head of the company's supervisory board. (Warsaw PAP in English 1947 GMT 30 Nov 92 AU)

REGIONAL FREE TRADE AGREEMENT: The agreement establishing a free-trade zone among Poland, Czechoslovakia, and Hungary is likely to be signed mid-December, Jerzy Rutkowski, from Poland's Ministry for Foreign Economic Relations, announced on Monday, 30 November. He added that, if the agreement is signed according to schedule, its provisions could come into effect from 1 January, although technical considerations could delay it until 1 March at the latest. Rutkowski noted that signature of the agreement was originally scheduled for 30 November, but several points in the agreement with Hungary were still unresolved. "It turned out that there were more problems than we originally thought," he said. "The economies (of the three countries) are competitive vis-a-vis each other, which makes it difficult to extract mutual concessions." Rutkowski added that each country was seeking in some way to protect its domestic markets, Poland through the use of import tariffs, the other states through nontariff mechanisms such as licensing agreements or taxes. Work on the agreement, which began following the signature of a preliminary memorandum of understanding in Warsaw on 30 November 1991, was complicated by the

political situation in Czechoslovakia. In the initial stages, the free trade agreement will affect some 25 percent of goods traded in the region, rising to 80-85 percent over the next 4 years. Trade involving textiles and foundry products is likely to be among the last to undergo liberalization. (Warsaw PAP in English 2027 GMT 30 Nov 92 AU)

POLISH, ISRAELI JOINT VENTURES MEETING: Businessmen from 400 Polish and 50 Israeli firms are taking part in a three-day Polish-Israeli forum of technological exchange which started in Warsaw on Monday, 30 November, with a view to setting up Polish-Israeli joint ventures. Electronics, precision mechanics, food processing, and packaging machines figure most prominently in the Israeli offers for cooperation with Poland. Since Monday morning, representatives of Israeli firms have been meeting with possible Polish partners interested in cooperation. Some of them plan to hold up to 50 meetings in 3 days. (Warsaw PAP in English 2137 GMT 30 Nov 92 AU)

CABINET APPROVES HALVING STEEL OUTPUT: The Polish cabinet on Tuesday, 1 December, approved a government-sponsored restructuring program for Poland's iron-and-steel industry which, if approved, would reduce the industry's output by 47 percent over the next decade. The program, developed by a consortium of Canadian firms, envisages a gradual reduction in annual output over a 10-year period to 2002 from a current level of 19 million tons to around 10 million tons. Over the same period, employment in the industry is scheduled to fall by nearly two thirds, from 123,000 to around 43,500. Industry Minister Waclaw Niewiarowski said later that he believed around 50,000 of those made redundant under the program would be able to count on government support in finding other employment or in retraining. It is estimated that implementation of the program would cost around \$4.5 billion, financed partly from the state budget and partly from foreign investment. Under the program, two foundries would be closed. Additionally, parts of Krakow's Sendzimir steel works and the "Katowice" steel works, showpieces of Poland's industrialization in the communist years, will be liquidated, and the two plants merged into a single company. (Warsaw PAP in English 2143 GMT 1 Dec 92 AU)

TRADE WITH DENMARK: Poland ranks ninth among Denmark's European trading partners. Danish-Polish trade accounts for 60 percent of Denmark's turnover with Central and East European countries, according to the Ministry for Foreign Economic Relations. In 1991, Polish exports to Denmark amounted to \$321 million and imports of Danish goods to Poland to \$301 million dollars. Poland exports chiefly fuels, particularly furnace and diesel oil, chemicals, electro-engineering products, wood, paper, and light industrial goods, and processed food. Poland imports electro-engineering industry products, toys, processed food, and liquid fuels and chemicals. According to Danish data, imports from Poland rose by 8 percent in the first half of this year, while Danish exports to Poland dropped by about 22 percent, chiefly because of decreasing food supplies. About 160 Polish-Danish joint ventures operate in Poland, but big firms are cautious about investing on the Polish market, and banks are not very keen to guarantee loans. (Warsaw PAP in English 1604 GMT 19 Nov 92 AU)

GOVERNMENT APPROVES 1993 DRAFT BUDGET: On Thursday, the cabinet approved a draft budget for 1993 which envisions a deficit of 81 trillion zlotys (\$5.4 billion dollars), or 5.1 percent of gross national product

(GNP). The approved draft, and three draft laws amending fiscal administration, will now be presented to the Sejm. The proposals, whose acceptance was deferred from Tuesday, project revenues of 433.5 trillion zlotys (\$29 billion), and expenditures of 514.5 trillion zlotys. The deficit will be financed chiefly through the banking system, so subsequent additional commercial bank indebtedness of around 75 trillion zlotys is forecast. GNP will rise only slightly during the year, while 4.7 percent growth in imports will considerably exceed a forecast of 1 percent. The year-end balance of payments deficit is likely to be around 4.2 billion dollars, largely as a result of foreign debt service requirements. The government predicts a foreign trade surplus of about \$4.5 billion next year. The government forecasts 39 percent inflation by the end of 1993, with controlled price increases above this amount in several areas under government control such as central heating and hot water (92 percent), electrical energy (65 percent), and gas 56 percent). Real wages are expected to fall by about 2 percent in 1993. The government also expects that the zloty, currently valued at around 15,000 to the U.S. dollar, will devalue by around 20 percent in 1993, with a rate of 19,000 zlotys to the dollar forecast for end of next year. Over half of budget outgoings (269.2 trillion zlotys, or \$17.9 billion dollars) will be directed at public sector expenditure, and a further 113 trillion zlotys dedicated to social security payments. Servicing of the national debt will account for a further 61.6 trillion zlotys. (Warsaw PAP in English 2133 GMT 19 Nov 92 AU)

BANKING SYSTEM TELECOMMUNICATIONS: A digital telecommunications network covering the National Bank of Poland (NBP) and commercial banks in Katowice, Lublin, Poznan, and Warsaw is to be launched next April, the contractor Schrack-Ericsson announced on 20 November. The investment of about \$5 million has been commissioned by the Telbank AG company owned by the National Bank of Poland, which is the main shareholder, and 17 large commercial banks. The network will provide for more effective ways of transferring information and data and thus improve banking services. At the end of September 1993, the network will be used by banks all over Poland. Schrack-Ericsson specialists from Austria and Sweden will start training programs this year for Polish personnel. (Warsaw PAP in English 1349 GMT 20 Nov 92 AU)

POLISH-HUNGARIAN TRADE CHAMBER: Polish and Hungarian companies set up the Hungarian-Polish Chamber of Trade and Commerce at an organizational meeting held in Budapest on 20 November. The chamber will promote bilateral cooperation and integrate their companies regardless of legal status. It will seek the establishment of a counterpart organization in Poland. (Warsaw PAP in English 2220 GMT 20 Nov 92 AU)

GERMAN-POLISH FOOD JOINT VENTURE: August Oetker, head of the German company Dr Oetker, said at a presentation of company products at the Warsaw Marriott Hotel on 20 November that by setting up a joint venture with the Gdansk food products plant, the two firms wanted to encourage foreign investment in Poland. The Polish-German enterprise will use modern German expertise to produce bread, cakes, and confectionery for the Polish market. Oetker said he was not interested in establishing his own distribution network. "We want to produce, not trade," he said. (Warsaw PAP in English 2337 GMT 20 Nov 92 AU)

ECOLOGY FAIR OPENS IN POZNAN: The latest in technology and modern devices for water, soil, and air pollution control and equipment to measure the extent of environmental contamination are on display at the Poleko 92 international ecology fair which opened in Poznan on 23 November. About 360 participants from 16 countries are taking part in the fair. This is the only event of its kind in this part of Europe, said Grzegorz Turkiewicz, vice-president of the fair board. (Warsaw PAP in English 1408 GMT 23 Nov 92 AU)

PRIVATIZATION BY LEASING EASED: Leasing agreements under which the assets of state enterprises are taken over by partnerships formed by the employees will be made more convenient, the minister for privatization announced in Lublin on 23 November. A provision will be introduced under which the ownership of assets will be transferred to the lessee upon payment of 30 percent of their value. According to Minister Janusz Lewandowski, privatization based on leasing contracts is the most widely used method and one which produces the least conflict. Some 600 state enterprises have been privatized in this manner. One serious drawback of this method was the fact that ownership rights to the leased assets were transferred only after payment in full for the leasing installments. During this period of several years, the enterprise was less credible in the eyes of banks because its actual operator had no formal title to the property. The proposed change would improve the situation. (Warsaw PAP in English 1817 GMT 23 Nov 92 AU)

STABILIZATION FUND MAY BE USED FOR BANK RESTRUCTURING: The Ministry of Finance will present a program under which the Polish Stabilization Fund of some \$1 billion could be reallocated to the restructuring of banks and enterprises, Jan Bazyl Lipszyc, adviser to the finance minister, said Monday. The issue will be considered at an international conference held in Warsaw on 25 November by delegates of states participating in establishment of the fund, including the United States, Great Britain, Germany and other countries. (Warsaw PAP in English 1954 GMT 23 Nov 92 AU)

LOT, SAS TO CONTINUE COOPERATION: The Scandinavian airline SAS decided Tuesday to withdraw from its earlier decision to break commercial cooperation agreements with the LOT airline following negotiations with LOT representatives. Both sides agreed that the SAS flight schedule would remain unchanged until the end of the winter season on 27 March 1993. Today's decision means that SAS and LOT will continue to honor all transportation documents, including passenger and luggage tickets issued by the two airlines. The conflict between the two carriers broke out over the servicing of the Copenhagen-Warsaw and the Copenhagen-Gdansk lines. SAS insisted on doubling the number of its flights to Warsaw and having four additional flights from Copenhagen to Gdansk. LOT representatives, who accused SAS of an attempt to dominate these routes at the start of the conflict, insisted on adding an additional LOT flight to Copenhagen and opening a Warsaw-Oslo line in exchange for consent to SAS flights to Gdansk. The sides agreed that during the forthcoming summer season, LOT will offer six flights on the Copenhagen-Warsaw line and a similar number of flights between Warsaw and Stockholm, with a possibility of extending three of the flights to Oslo. Both lines are to be serviced by Boeing-737 planes. SAS, in exchange for consenting to the LOT flights to Oslo,

received permission to service the Copenhagen-Gdansk line. (Warsaw PAP in English 1601 GMT 24 Nov 92 AU)

MEASURES TO CONTROL MONEY LAUNDERING: The chairman of the National Bank of Poland signed an executive order imposing new security measures to prevent money laundering and strict customer identification requirements for bank transactions. The order provides a general framework within which banks will adjust their practices. A problem arose in reconciling this executive order with extensive privacy protections granted by Polish law. Specifically, banks will now be required to maintain registers of bank transactions which exceed 200 million zlotys (initially, the requirement was reported as applicable to transactions over 150 million zlotys). A record of the following will have to be made and retained for five years: the identity and address of the individual actually effecting the transaction, the person on whose behalf the transaction is effected, and the beneficiary; the type of transaction; designations of banks taking part in the transaction; the amount of the transaction; and particulars of the individual registering the transaction. Bank transactions which arouse substantiated suspicions of money laundering should be reported to the prosecutor's office which has jurisdiction, regardless of the amount of the transaction. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 6 Oct 92 p I and 7 Oct 92 p I)

AWARENESS OF EUROPEAN INTEGRATION LOW, FEARS HIGH: A survey commissioned by the Bureau for European Integration established the virtually complete ignorance of the respondents about European integration. This is all the more surprising because the poll was designed to cover individuals considered economic leaders -- trade union functionaries, managers of medium-size and large industrial enterprises, traders, and owners of large farms.

The respondents viewed European integration as something abstract that has no bearing on their operations. They had problems defining the European Community and knew next to nothing about the guidelines for, and the operation of, Community institutions. They were unaware of the ratification of the Treaty of Association between Poland and the European Community. The European Community is viewed as a "mighty monolith, in the face of which Poland appears a partner without adequate clout. This conviction is accompanied by the feeling of helplessness: Integration processes are viewed as a [random] element which Polish society, internally disorganized and resourceless, with its political class incompetent, divided, and submissive with regard to the West, is not in a position to counteract."

Economic leaders are mostly fearful of economic association with the European Community. Traders, the most optimistic group among them, see favorable results no sooner than 10 to 15 years from now; farm owners refer to "an improvement in the 22d century." Articles in the press on European integration do nothing to allay such fears. Analysis of daily and weekly publications indicates that only one-half of such articles contain specific references to Poland. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 6 Oct 92 p I)

POLES FAVOR DOMESTIC COMMERCIALS: A survey by the Marketing Research Center has found that Poles favor TV commercials based on Polish cultural traditions and behavior patterns. They have a very poor opinion of "universal" commercials for Western products which are shot abroad and intended for use in various countries. The settings which such commercials use to advertise product features appear unnatural and artificial to the Polish audience, as they do not reflect contemporary Polish reality. Likewise, Poles are sensitive to dubbing imperfections, and put a premium on the correct or ingenious use of the language (the best-received commercial, one for a Polish product, combines a play on words with references to a well-known classical work of Polish literature). Nor do Poles respond well to commercials which use rational or quasi-scientific arguments in favor of the product advertised.

The survey was devoted entirely to TV commercials because they are currently the dominant, if not the only, form of advertisement aimed at direct consumers. Advertisements in the press are mostly addressed to wholesalers, prospective company customers, and brokers, rather than to product consumers. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 6 Oct 92 p III)

PORT OF ELBLAG RESUMES OPERATIONS: The port of Elblag has been reactivated after being out of commission for more than 40 years. Port operations in this city on the Baltic Sea coast had to be discontinued for political reasons (Soviet naval bases located in the adjacent Kaliningrad Oblast of the USSR). So far, operations have been minuscule (only 170 meters of the waterfront have been used out of 2.5 kilometers available). There has also been some passenger traffic, including from Kaliningrad. The infrastructure of the port is capable of supporting operations on a far greater scale. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 7 Oct 92 p II)

EXHIBITION IN BELARUS TO PROMOTE POLISH GOODS: Following an exhibition in Moscow in May 1992, Polexpo Exhibitions is organizing a similar event in Minsk. The format and level of service at such exhibitions have changed considerably compared to CEMA-era exhibitions and fairs. Comprehensive services to exhibitors include not only the preparation of their displays and an advertising campaign in the local media, but also marketing research to ensure that it is feasible for individual categories of producers to attend (for example, Polish pharmaceutical companies appear to have a market in Belarus). The exhibition company also undertakes to ensure attendance by specialists from relevant Belarusian companies. So far, more than 20 Polish participants have signed up for the Minsk event; the list of participants has not been closed. Moreover, companies which choose not to attend may distribute their catalogs or advertise at the exhibition.

Polexpo plans two other promotional events in Kiev and Riga in the spring of 1993, and a repeat event in Moscow in the fall of 1993. As evidenced by the Moscow exhibition in 1992, such events also bring local Polish communities into the orbit of economic relations, making it possible to draw on their substantive expertise (for example, local lawyers of Polish descent who are well-versed in ever-changing local regulations). (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 7 Oct 92 p III)

BAD DEBTS OF ENTERPRISES TO BANKS INCREASING: A survey of enterprises whose loans are administered by the "bad credit" departments of nine so-called commercial banks, indicates the growth of such debts. In June 1992, the volume of bad loans came to almost 20 trillion zlotys, compared to 18.7 trillion in June 1991. Bad loans dropped to 17.5 trillion in December 1991 but have been growing since. The growth record belongs to a bank whose "bad credit" increased by over 29 percent during this period. "Bad credit" has been declining consistently in only one bank. There is only one enterprise of the coal industry among "bad debtors" but as many as 84 enterprises of the garment industry, 79 machine-building enterprises, 56 textile industry enterprises, and 50 wood-processing enterprises. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 8 Oct 92 p IV)

ARMS EXPORT CONTROLS, U.S. PRACTICES RESENTED: Trade union and employee council officials at the Lucznik plant, which produces firearms, believe that the enterprise is being victimized by U.S. arms producers seeking to eliminate competition. The chairman of the employee council stated: "After the arrest of Rajmund Szwonder, deputy director for production, Lucznik directors are afraid to go abroad to negotiate contracts. In turn, the enterprises will go under without orders. We believe that Lucznik is being manipulated by American arms concerns which strive to eliminate competition." As a weapons producer, Lucznik must follow the state policy of refraining from signing contracts with countries on the so-called negative list. The Polish list is based on a similar UN list, but a number of countries not on the UN list have been added. Trade union and employee council officials at Lucznik maintain that "all attempts to sign contracts with a country in the sphere of influence of American arms concerns end in the addition of these countries to the list." (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 9 Oct 92 p I)

'PATRIOTIC MOTIVES' INVOKED CONCERNING ESSO GAS STATIONS: A routine request for additional permits to open two Esso gas stations (one is already in operation) has run into objections from the city councilmen of Poznan. They referred to the protection of historic monuments; "patriotic motives" were also invoked. The permits were neither issued nor denied; the issue was referred to a commission for study. This has happened despite obvious benefits for the city that the projects entail. Apart from leasing fees to be paid to the city, employment for about 60 people, and business associated with construction, Esso undertook to build a modern terminal for city buses and a park at the two locations involved. Representatives of the company stressed that such investments have not been practiced by Esso for more than 100 years now. However, the funds are only available if permits are issued before the end of this year. Even this argument failed to sway the councilmen. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 9 Oct 92 p III)

PRACTICES OF PIRATE TV STATIONS DEFENDED: In an interview with RZECZPOSPOLITA, an attorney representing virtually all Polish unlicensed TV stations defended their practices, including those pertaining to copyrighted material. It is freely admitted that the stations in question indeed have none of the required licenses. However, the attorney questioned whether their operation constitutes piracy, given that the legislature has failed to pass a pertinent law for three years now. The Communications Law passed in January 1991 authorized the minister of

communications to issue licenses to private TV stations. However, six months later, the consideration of petitions and issuance of licenses were suspended. Of those who applied during this short window of opportunity, some received licenses and some did not. The attorney is taking this case to the Constitutional Tribunal as a violation of equality before the law. The stations are using all legal means to prolong the proceedings. After all appeals are exhausted, the PAR [State Radio and TV Broadcasting Agency], which polices the airwaves, will be entitled to shut down illegal transmitters. So far, the attorney maintains, the PAR has behaved "elegantly" with regard to the stations. "I am extremely happy that... there is special treatment of decisions regarding private stations... because they have political undertones."

On the issue of copyright, the attorney asserted that "most private stations secure, in one way or another, the agreement of the owners of programs to their use and broadcasting in the territory of Poland. Some of these stations may have violated such rights. However, I am not aware of cases in which lawsuits have been brought."

The attorney went on to say that public opinion recognizes intellectual property rights, and the overall atmosphere is conducive to those with a plausible claim that their rights have been violated, even if pertinent legislation is still imperfect. This is why the attorney wonders why some who have made such claims and can very well afford to bring a lawsuit have not done so (ITI was mentioned as an example). In the words of the attorney, copyright claims are frequently made throughout the world by individuals or entities who do not actually have copyright, and this is not an exclusively Polish phenomenon.

Meanwhile, pirate stations continue to make an economic impact, as evidenced by the recent opening of the pirate Top Canal in Warsaw which operates in the PAL rather than the SECAM system and also deviates from standard parameters in other ways. It has created a boom overnight for existing manufacturers of wide-band antennas, cables, amplifiers, etc.; brought new producers into the market; and significantly driven up prices. TV technicians who modified standard TV sets have also profited. On the other hand, videocassette rental businesses have suffered. Interestingly, although it is a pirate station, Top Canal behaves like a legitimate enterprise. It has granted exclusive licenses for its wide-band antennas to two producers and five shops in Warsaw and has used the OBOP [Center for Research of Public Opinion] to determine its market share. (Warsaw RZECZPOSPOLITA (EVERYDAY LAW SUPPLEMENT) in Polish 8 Oct 92 p VII and Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 13 Oct 92 p III)

PERSIAN GULF COUNTRIES DIFFICULT, DEMANDING MARKET: In the estimation of local traders and Polish trade officials alike, opportunities for expanded commercial cooperation with the Gulf area abound. For example, the Polish commercial attache in the United Arab Emirates believes that, if proper practices are used, Polish goods worth \$100 to \$150 million a year may be exported to that country (actually, \$28-million worth of goods in 1991). However, Polish companies are slow to take advantage of such opportunities. In Kuwait and the United Arab Emirates, prices for Polish goods are still competitive, but packaging, promotion, and delivery times

largely are not. Obtaining merchandise samples, which any Western company will readily provide, requires special efforts and outlays. On occasion, Polish enterprises want their very sloppily prepared samples returned to them. The response times of Polish partners are unacceptably long. The Polish commercial attache in Kuwait can recall only one case in which a Polish company responded to his fax message offering an opportunity to market its goods on the same day. By and large, the Polish enterprises contacted, whether state or private, do not respond to such offers at all.

Fruitful initial contacts are not followed up. This was the case with a visit by a delegation of the Dubai Chamber of Commerce and Industry to Poland. This largely fact-finding mission appeared to be successful, and negotiations were held with private entrepreneurs, mostly from the Polish Capital Club. However, no specific offers followed from the Polish side for weeks, thus making it possible for more aggressive marketers, e.g. from Czechoslovakia, to enter the market. Gulf Arabs find it difficult to understand such practices on the part of a country which is hungry for foreign investment and trade. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 13 Oct 92 p III; Warsaw RYNKI ZAGRANICZNE in Polish No 127, 22 Oct p 8)

ECOLOGICAL DAMAGE ISSUES HINDER PRIVATIZATION: The issue of responsibility for past ecological damage looms big in the process of privatization, since 87 enterprises "continuously damaging the environment" and the 17 largest polluters in Poland are among enterprises selected for comprehensive privatization. There is even an enterprise which environmental officials have, in effect, ordered to shut down on 1 January 1995. In the opinion of specialists, these plants do not meet the conditions for this program and should be excluded from it. Western investors do not hesitate to include in their acquisition proposals provisions concerning their responsibility for environmental damage caused by current operations and to commit funds to upgrade plants for the purposes of environmental protection. However, they fear acquiring liability for past damage along with the enterprises. This is why they are already demanding immunity from liability for the damage inflicted prior to acquisition, pointing out that this has been done in a number of other East European countries. Perusal of the Treaty of Association of Poland with the EEC convinces prospective investors in Polish plants that, as regulations are brought closer to those of the EEC, they will be saddled with liability for past environmental misdeeds. To allay the fears of investors, a system of escrow funds is being proposed, whose monies will not be considered part of an enterprise's value. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 17-18 Oct 92 p III)

COSTS OF CONVERTING AGRICULTURE TO EUROPEAN STANDARDS: The Institute of the Economics of Agriculture and the Food Industries has evaluated the cost of bringing the Polish farm sector up to European standards, assuming a nine-year period of adjustment. The following statistics detail these costs on an annual basis during the above period, proceeding from conditions as of 30 June 1992. The cost of restructuring agriculture and food processing to West European specifications will come to \$1.3 billion annually. This can be reduced to \$0.5 billion if restructuring is restricted to three key subsectors (milk production, the meat packing industry, and potato processing) and the construction of facilities for the

purposes of environmental protection is omitted. Social concerns (ensuring jobs for farm labor made redundant through restructuring) will necessitate additional outlays of \$1.1 billion a year. Yet another \$0.8 billion will be needed to provide infrastructure (water mains, sewers, gas lines, telephones, and roads) in "areas of intensive farming," which are expected to include one-third of the Polish countryside. This assumes that "civilizing" the rest of the Polish countryside during the period of adjustment will not be required. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 19 Oct 92 p II)

KAZAKHSTAN, UZBEKISTAN AS TRADE PARTNERS: Economic agreements and pertinent trade protocols were signed by Poland with Kazakhstan and Uzbekistan. They provide for settlements in hard currency through accounts opened by banks from the Central Asian countries at the Polish Bank of Commerce. The protocols were signed in the course of the first visit by the Polish minister of foreign economic cooperation to Kazakhstan and Uzbekistan. Some Polish companies, notably potato exporters, have already begun to develop Central Asian markets, but the minister is confident there is room for more. It is stressed that Kazakhstan and Uzbekistan are prepared to deliver goods such as oil and cotton under long-term agreements in return for Polish potatoes, medicines, foodstuffs, and consumer goods. Unlike Russia, these Central Asian nations do not restrict the right to export so-called "strategic raw materials" to a few specially licensed companies. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 20 Oct 92 p II)

ORGANIZATION OF BROWN COAL INDUSTRY PONDERED: The government and representatives of the brown coal industry differ as to the future organization of the industry; however, the government does not rule out accepting the proposal from the other side. This however, would call for the industry developing a "convincing" restructuring program. The brown coal industry favors merging mines (largely strip mine operations) and brown-coal-fired power stations into a single holding company. The desire of the industry is to use profits generated by the holding company to retrofit obsolete power stations. The government, wary of the monopolistic features of the holding company, has proposed to link individual power stations with mines whose coal they use. While already important, the brown coal industry has even greater potential. Reserves of brown coal in Poland are estimated to amount to between 30 and 40 billion tons, of which only 3 to 3.5 billion tons are in areas currently in production. Even the general recession in Poland has not affected the brown coal industry greatly. Output increased from 36.9 million tons in 1980 to 67.6 million tons in 1990. Specialists of the brown coal industry expect production to peak at 81 million tons in 2015 and subsequently to decline to 25 million tons. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 22 Oct 92 p I)

GOLD SMUGGLING DETRIMENTAL TO LEGITIMATE GOLDSMITHS: Extensive gold smuggling into Poland has struck a heavy blow at legitimate goldsmiths and state-owned jewelry plants. Goldsmiths, who work with scrap gold worth 85,000 to 87,000 zlotys per gram, make very little profit, given that gold jewelry retails for between 170,000 and 200,000 zlotys per gram, and all taxes and fees have to be paid from the difference. At the same time, some jewelry of foreign origin is available at wholesale prices of about 130,000

zlotys. While the business arrangements the wholesalers make are not precisely known, there is no way that this price could be sustained legitimately, given the price of raw materials, a 10 percent loss in production, customs duties of 35 percent, a tax of 30 percent, and even minimal overhead. This strongly suggests smuggling as the source of cheap metal. In a sense, Polish assay regulations encourage smuggling. A piece of jewelry without a Polish assay mark is unsalable in Poland, whether in legitimate distribution or on the black market. However, since 1988, no customs documents have been required to obtain a Polish assay mark. At present, there is nothing the assay office can do legally when a private individual brings in several dozen identical pieces of gold jewelry for marking. That the jewelry is obviously contraband is irrelevant. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 26 Oct 92 p III)

'SPARE CAPACITY' DATABASE AVAILABLE: The Ministry of Ownership Transformations maintains a database which indexes enterprises slated for privatization and interested in the participation of foreign capital. This database is complemented by one covering potential investors and a "spare capacity" database. The latter contains information provided by state enterprises or companies of the State Treasury concerning fixed assets (equipment, buildings, land, etc.) which they would like to sell or lease. Addition of data to the database is free to all interested enterprises. On occasion of the Third Forum of Investors, a topical supplement to RZECZPOSPOLITA carried a simple form for making entries to the database, inviting all to participate. (Warsaw RZECZPOSPOLITA (RZECZPOSPOLITA AND THE THIRD FORUM OF INVESTORS SUPPLEMENT) in Polish 26 Oct 92 p III)

LOW DEMAND FOR DROUGHT RECOVERY LOANS: Despite very favorable terms, loans which were supposed to help drought-stricken Polish farmers to recover are not very much in demand. These loans are extended at a preferential rate of 15.2 percent and are intended to finance fertilizer, implement, seed, and fuel purchases. They are to be repaid after the next year's crop is in. Commercial banks have agreed to extend such loans, and in addition, to deposit their funds with cooperative banks directly engaged in lending. However, the terms offered to the latter group of banks by commercial banks are not very attractive. It is equally important that cooperative banks often do not have enough information about the program currently underway. On occasion, commercial banks have funds which they would like to commit to the program, but see no cooperative bank in which they have confidence. In addition, there are provisions for reclassifying commercial credit previously extended as post-drought loans at a much lower rate of interest. However, they are used on a small scale only. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 27 Oct 92 p I)

DOMESTIC APC EXPECTED IN 1993: A letter of intent has been signed by the Stalowa Wola Metallurgical Plant, the Ministry of Defense, and the General Staff to the effect that the plant will produce the first all-Polish armored personnel carrier (APC). The armed forces will order a long series of these APC's and assist with finding markets abroad. In the words of the chief of the General Staff, this is the first such contract, and more are to follow (possibly involving materiel for the Air Force). The APC is still at the drawing board stage. However, as RZECZPOSPOLITA has learned unofficially, in 1993, the Armed Forces will receive 10 APC's for testing. If the tests are successful, the army is prepared to order about

1,200 APC's. There may also be a market abroad. The high-output engine (over 300 HP) and provisions for mounting diverse weapons and communications systems are expected to make this wheeled APC universal. Recently, representatives of the Armed Forces tested the latest production models of APC's from Finland, Germany, France, and Switzerland. The Polish APC is supposed to be close, in terms of its design, to Swiss and French APC's. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 27 Oct 92 p 3)

MEANS TO DEFEND POLISH MARKET AVAILABLE, SAYS MINISTER: Speaking to a Sejm commission, the minister of industry and commerce reiterated that instruments for the defense of the Polish market against imports are available and reminded the deputies that it is up to them to decide which instruments should be used. The minister reviewed measures which Poland is still entitled to take under the Treaty of Association with the EEC and enumerated cases in which such protections have been applied (motor vehicles, grain, hides). The minister also mentioned plant and animal disease control regulations and requirements that goods marketed in Poland have labels or manuals in Polish. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 28 Oct 92 p II)

MEGADEX FINDS WAYS TO RECOVER: Megadex, the builder of power stations in Poland and abroad, has managed to recover, despite losing its major markets and, at the moment, not having a single new contract for a turnkey project. Previously, Megadex built power stations with a total capacity of 12,500 MW within Poland and abroad (for comparison, the capacity of the entire Polish power system is 32,000 MW). Yugoslavia (Megadex was responsible for 30 percent of the entire power generating capacity of that country), Turkey, Greece, Finland, and Czechoslovakia were among the markets lost. Megadex has found its niche in sulfur scrubbing equipment, which it sees as promising in light of EEC regulations with which Poland will eventually have to comply. Megadex has created a pertinent division and, together with Western companies (e.g., Babcock of Great Britain) and Polish research centers, proceeded to develop and install filters for various size boilers and power generating units, as well as equipment for nitrogen retention. The company is involved in retrofitting existing power plants.

Megadex also purchased a huge brick plant under construction from a company that lacked the money to finish it and used it to process ash from power stations into bricks. It went as far as Moscow to obtain technologies for converting power station ash into construction aggregate and implemented the technology in Warsaw. Megadex also entered into a joint venture, MBM-Heating Technology, with a Swiss company and a Polish partner, Mera-Blonie. Interestingly, the latter company used to produce computer and printer parts for the Soviet market, which has now collapsed; the import, assembly, and production of oil and gas burners is a completely new area for it. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 28 Oct 92 p III)

BUSINESSMEN CRITICIZE GOVERNMENT PROGRAM: At its first press conference, the board of the Polish Business Council criticized the outline of the government economic program for 1993. In the opinion of the council, which consists of the directors of the 22 largest private

enterprises, the measures envisaged in the program will not accomplish any of the basic goals: to increase budget revenues, to increase employment, and to overcome the recession. Nor does it appear to the council that the government appreciates how important the scale and pace of privatization are.

The managers also had complaints to make about excessive taxation and the conviction of the government that budget revenues today are more important than manufacturing and exports tomorrow. In their opinion, Poland needs a dynamic budget with an outlook of at least five years. Likewise, tax incentives should be used to promote investment and economic growth, instead of attempts to balance the budget by imposing higher taxes, duties, and fees.

The businessmen said that contacting members of the government or parliament does not present a problem, but consultations only occur after irrevocable decisions are made, and not before. "Three-quarters of [the staff of] the Ministry of Finance believe that businessmen are criminals and thieves." This opinion was seconded at a meeting between the minister of industry and commerce and the business community of Poznan: The officials of the Ministry of Finance have a classification of entrepreneurs in which "businessmen are divided into bad ones and ones who do not take out loans." In Poznan, the businessmen also complained about investment incentives afforded by the government being uncoordinated with the actions of local self-government bodies. They complained about gminas pushing up rents and fees at a time when the government is granting relief. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 29 Oct 92 pp I, II)

SMUGGLING OF RADIOACTIVE MATERIALS: Out of about 100 Polish border crossings, only three are equipped with radiometric portals. It will take a long time to equip all border crossings with such portals, given that they cost 200 million zlotys apiece. Therefore, the GUC [Main Customs Office] has resolved to issue to all customs agents small radiometers to be worn as pins in the lapels of their uniforms. So far, the GUC has tried unsuccessfully to find a manufacturer for appropriate radiometers. The problem is acute: Recently, the corpses of two Polish smugglers were found who died of radiation exposure. A third Polish smuggler was afflicted with radiation sickness. In addition to Poles, citizens of the former USSR and Bulgarians carrying radioactive cesium, strontium, and uranium have been apprehended. Polish customs personnel have reason to fear exposure to radiation. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 30 Oct 92 p I; Warsaw RYNKI ZAGRANICZNE in Polish No 130, 29 Oct 92 p 2)

POLAND FAVORABLY COMPARED TO REST OF EASTERN EUROPE: A CUP [Central Planning Administration] report compares the economic situation of Poland to that of the rest of Eastern Europe favorably, though it does find some negatives. Only in Poland will the 1992 volume of industrial output equal or exceed last year's level; elsewhere it will be lower. Likewise, only in Poland have predictions of economic growth been adjusted upward since the beginning of the year; elsewhere, the adjustment has been downward. The report suggests that the "shock treatment" applied in 1989 is beginning to produce results. However, favorable processes in Poland are accompanied by

a higher unemployment rate (yet, labor productivity is increasing, not declining as in other East European countries). Also, the growth of the budget deficit is relatively higher. The report notes that the contribution of the private sector to creating the gross domestic product, 45 percent, is a major factor responsible for the relatively better situation in Poland. (Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET SUPPLEMENT) in Polish 30 Oct 92 p II)

REVENUES FROM CAR IMPORTS DROP: Excessive customs duty on cars has caused Poles to discontinue mass imports of cars, and, as a result, revenues from duties on car imports are dropping. In 1991, about 350,000 motor vehicles were imported to Poland, generating 2.89 trillion zlotys in duties. The introduction of prohibitive duties (102 percent of the original price at the highest rate) reduced the number of automobiles imported in the nine months of 1992 to 57,000. Of these, about 70 percent were imported duty-free under a grandfathered provision. Consequently, revenues declined even more, to 187 billion zlotys. (Warsaw RYNKI ZAGRANICZNE in Polish No 119, 3 Oct 92 p 2)

WESTERN COMPANIES SEEN AS HAVING EASY ACCESS TO PRIVILEGED DATA: The director of a machine tool plant claims that numerous surveys and questionnaires are exploited by Western companies to penetrate Polish markets. Managers of various Polish companies are routinely asked by various institutions, which subsequently release this information free of charge or for a fee, to fill out various questionnaires. The data solicited vary, but frequently include product information, technical parameters, quality specifications, descriptions of the equipment pool, rate of amortization of equipment, the size and age of available real estate, the make-up of personnel, and so on. Throughout the world, most of this is regarded as the privileged information of a company, whereas in Poland, managers themselves are asked to provide it. The director said: "Unfortunately, I am convinced that in many cases, the collection of information facilitates the penetration of our market by Western companies. Obtaining data on imports is no problem at all. Many Western companies which are present in Poland engage in...the promotion of goods from there [the West] in a plainly aggressive manner. In turn...I have a problem obtaining information about local partners within my industry, from here." (Warsaw RYNKI ZAGRANICZNE in Polish No 126, 20 Oct 92 p 7)

R O M A N I A

ITALIAN-ROMANIAN ASSOCIATION SET UP IN MILAN: An Italian-Romanian Association was recently set up in Milan as a nonprofit and nonpolitical organization whose primary target is to strengthen relations between the two countries in the social, economic, and cultural fields. The association will also work to protect the rights of Romanian citizens residing in Lombardy and promote cooperation initiatives with national and international institutions. (Bucharest ROMPRES in English 1625 GMT 2 Dec 92 AU)

JOINT ROMANIAN-DUTCH COMMISSION PROTOCOL SIGNED: The volume of commercial exchanges between Romania and the Netherlands will be worth nearly \$300 million by the end of this year, which places Holland first

among our country's partners in foreign trade, said Napoleon Pop, state secretary in the Ministry of Trade, after the signing of the protocol of the second session of the Joint Romanian-Dutch Government Commission of Economic, Technical and Scientific Collaboration. Mrs. Yvonne van Rooy, minister of foreign trade of the Netherlands, stated on the same occasion that she was convinced there was room for increased relations between the two countries. She also said that new domains of mutual interest could be identified, like the agriculture and chemical and machine-building industries, emphasizing that the joint enterprises recently set up have gotten off to a good start. She also expressed her confidence in the future relations of the two countries. (Bucharest ROMPRES in English 1731 GMT 2 Dec 92 AU)

GROWING COOPERATION WITH TURKEY: "Romania's ties with Turkey are better and better," said the Romanian ambassador to Turkey, Alexandru Margaritarescu. He added that the economic exchanges between the two countries totaled some \$400 million in 1992 and they were expected to attain \$1 billion in the next two or three years. The Romanian ambassador to Turkey said that the Black Sea countries' economic exchanges could total \$18-20 billion in the late 1990's. (Bucharest ROMPRES in English 1120 GMT 3 Dec 92 AU)

COOPERATION AGREEMENT WITH KAZAKHSTAN: On Friday, 4 December, an agreement was signed between the Governments of Romania and the Republic of Kazakhstan regarding trade and economic relations and technical-scientific cooperation. The signing of the document was occasioned by the visit to Romania -- over 30 November-7 December -- of a governmental delegation of the Republic of Kazakhstan headed by P.K. Tayanov, first deputy of the Kazakh minister of foreign economic relations. The document will facilitate the development and enhancing of commercial-economic relations between commercial companies in the two countries and will create the juridical framework for contacts, contracts for mutual delivery of goods, and agreements for economic cooperation. The agreement also stipulates that the two sides grant each other most-favored-nation status. (Bucharest ROMPRES in English 1722 GMT 4 Dec 92 AU)

CABINET MEMBERS DISCUSS COOPERATION WITH IBRD: Romanian Prime Minister Nicolae Vacaroiu, together with ministers of state Misu Negritoiu and Florin Georgescu, had talks on Friday, 4 December, at the government headquarters with Michael Wiehen, head of the Europe-Asia Department of the International Bank for Reconstruction and Development (IBRD). The parties discussed the framework of the future collaboration between Romania and the IBRD which, according to the Romanian prime minister, has backed the transition process in Romania. The new cabinet -- Mr. Vacaroiu pointed out -- has already begun to elaborate a strategic four-year governing program, whose prime target is the continuation of the reform process with a particular stress on privatization. According to governmental sources, the sides agreed that over 15-16 March 1993, the session of the Consultative Group for Romania should be called in Brussels. (Bucharest ROMPRES in English 1909 GMT 4 Dec 92 AU)

GERMAN TRAINING CENTER OPENS IN ARAD: A center for training in woodworking was opened in the town of Arad (western Romania) in cooperation with Germany. The center intends to train some 400 Romanian tradesmen in

woodworking, especially for small and medium-sized enterprises, over a period spanning from one month to two years. Other such training centers also function, with German help, in the cities of Timisoara and Sibiu. (Bucharest ROMPRES in English 1702 GMT 5 Dec 92 AU)

EUROPEAN COMMUNITY LOAN: On Monday, December 7, the memorandum and accord were signed in Brussels on the European Community granting another credit worth 80 million ECUS (nearly \$100 million) to Romania to maintain its balance of payments. The loan is part and parcel of the \$180-million-worth assistance Romania requested from the Group of 24. The two documents were signed for Romania by Finance Minister Florin Georgescu and National Bank's Governor Mugur Isarescu and for the EC Commission by Deputy Chairman Henning Christophersen and Credit and Investment Commissar Karel van Miert. The loan spans over seven years and shows more favorable terms than the ones usually practiced in the international financial market. According to Western sources, it marks the recognition of positive developments in Romania regarding the consolidation of democratic process and the country's advance toward a market economy, and confirms the pledge of the 12 to back such efforts. (Bucharest ROMPRES in English 1844 GMT 7 Dec 92 AU)

SOUTH KOREAN AMBASSADOR REVIEWS RELATIONS: "The value of South Korea's deals with Romania went up to over \$40 million this year," said Hyung-Hong Yi, South-Korean ambassador in Bucharest. Recalling that diplomatic relations were established between the two countries in March 1990, the ambassador said that ties between the two countries have marked continuous progress in the political, economic, and social relations. The programs of instruction and the exchanges have helped the two countries get better acquainted. Agreements of economic and cultural cooperation were signed. There are numerous joint commercial companies in electronics and communications. The first session of the Joint Romanian-Korean Non-Government Committee, held in Bucharest on 30 October 1992, occasioned an analysis of the ways and methods of future development of the bilateral economic cooperation. The ambassador expressed the view that Romania and South Korea "share common values and targets in the assertion of human dignity and democratic ideals." (Bucharest ROMPRES in English 0852 GMT 8 Dec 92 AU)

MINISTER ON TOURISM SECTOR PRIVATIZATION: "I will try to accelerate the privatization process in tourism" said Romanian Minister of Tourism Matei Agathon Dan. After announcing that the prime minister asked him to speed up privatization in that field, the new minister thought about the ways in which to carry out that task. It is considered that after the "small privatization" in tourism -- a category which comprises unlimited companies, like "Ursus" SA, "Vranco" SA and soon "Litoral" SA -- the "big privatization" of the important hotels and the substantial infrastructure which is now owned by the state will follow. The latter action will probably take five or six years to complete. Mr. Matei Agathon Dan also intends to speed up finalization of the contracts for joint-stock companies, to initiate actions that will result in attracting the big international chains -- Hilton, Sheraton, etc -- as well as initiate a bill on the setting up of a credit bank that "will surely revivify the process of privatization in tourism." (Bucharest ROMPRES in English 1531 GMT 8 Dec 92 AU)

ASSEMBLY OF DEPUTIES RATIFIES ACCORDS WITH EBRD: On 8 December, the Chamber of Deputies ratified the guarantee accord between Romania and the European Bank for Reconstruction and Development [EBRD] that was signed in London on 14 September 1992. Under this accord, Romania benefits from a loan worth \$70 million. The document stipulates that the objectives of the respective loan are the economic and social development of agriculture, silviculture, horticulture, and fish rearing, the industrialization of farm produce, and other services. Furthermore, technical assistance is envisaged for the Romanian Agricultural Bank to enhance its performance in the activity of assessing and granting credits. (Bucharest ROMPERS in English 1917 GMT 8 Dec 92 AU)

INDUSTRIAL OUTPUT INCREASES IN OCTOBER: At a news conference in Bucharest on 25 November, Alexandru Radocea, vice president of the National Statistics Commission, said that industrial output in October was 2.6 percent higher than the previous month. "This is the third consecutive month in which industrial output has gone up, yet it is hardly a reason for joy, as long as output in the first 10 months of 1992 is 23.5 percent lower than the same period in 1991," Vasile Dumitrescu, the Commission's director general, said. (Bucharest ROMPRES in English 1721 GMT 24 Nov)

TRADE DELEGATION VISITS CANADA: A delegation led by Napoleon Pop, secretary of state, head of the Foreign Trade Department, paid a visit to Canada on 23-24 November, where he conducted talks with Michael Bell, director-general of the European Division of the Ministry of Foreign Affairs. The head of the Romanian delegation also met with Donald Campbell, deputy minister for international trade, with officials from the Ontario and Quebec provinces, and with Canadian businessmen. The sides discussed expanding cooperation in such fields as atomic energy, agriculture, forestry, information, construction technologies and materials, agricultural and transport equipment, and environmental protection. A declaration on economic principles for bilateral cooperation was also initialed in Ottawa. (Bucharest ROMPRES in English 1810 GMT 25 Nov 92 AU)

EXCHANGE OF BUSINESS INFORMATION WITH UK: Romania's Chamber of Commerce and Industry and Chambernet UK Ltd. signed a protocol of cooperation in the exchange of business information between the two chambers, in Bucharest on 27 November. The protocol stipulates the access of British businessmen, through the agency of Chambernet, to information in the data base of the Romanian Chamber of Commerce and Industry regarding firms and business interests, for mutually profitable cooperation. The Romanian Chamber of Commerce and Industry will provide its British counterpart with information available through the Romanian Trade Register, until a business information center of the Romanian Chamber of Commerce and Industry is created in Bucharest -- hopefully by next year -- with British assistance. The British side will support the computerization of the Romanian chambers of commerce by training personnel and giving them access to information on the business world in United Kingdom. (Bucharest ROMPRES in English 1903 GMT 30 Nov 92 AU)

NETHERLANDS TRADE MINISTER VISITS: Mrs. Yvonne van Rooy, minister of foreign trade of the Netherlands, is visiting Bucharest at head of a delegation that represents 24 firms. They are attending the 11th session

of the Joint Romanian-Dutch Government Commission. Some 274 Netherlands commercial companies operate in Romania with a capital of almost 65 million dollars. Regarding the capital invested in Romania, the Netherlands ranks second, while from the viewpoint of the number of foreign companies present here, it ranks sixteenth. (Bucharest ROMPRES in English 1905 GMT 30 Nov 92 AU)

ROMANIAN-NETHERLANDS COOPERATION PROTOCOL: The volume of commercial exchanges between Romania and the Netherlands is estimated to reach, at the end of the current year, the figure of \$3 billion, which places the Netherlands among Romania's dynamic foreign trade partners, Napoleon Pop, head of the Foreign Trade Department, said Tuesday, 1 December, during the signing in Bucharest of the protocol of the 11th session of the Joint Romanian-Netherlands Commission for Economic, Technical and Scientific Cooperation. The document lists the fields of common interest for the two countries, such as agriculture, chemical, pharmaceutical products, and machine-building industries. The sides also intend to reexamine and renegotiate a new accord for the mutual promotion and protection of investment, against the background of the new laws and economic-financial mechanisms operating in Romania. They also intend to evaluate the effects of and the prospective fields for the Netherlands' technical assistance and support program for Central and East European countries, which includes Romania. The protocol stipulates the close observation of the international navigation agreement on the Danube, signed on 20 October, which, once effective, will be beneficial for both countries. (Bucharest ROMPRES in English 1715 GMT 1 Dec 92 AU)

NETHERLANDS MINISTER INAUGURATES MILK FARM: On December 2, Yvonne van Rooy, minister of foreign trade of the Netherlands, who has been in Romania for several days at the head of a trade delegation, opened a farm for dairy cattle in the village of Naipu, near Bucharest. The farm belongs to The Joint Romanian-Dutch company Roneda and boasts a capacity of 500 highly productive cows of the Holstein breed that were brought in from the Netherlands, just like all the milk processing installations. The farm at Naipu is the first of a series of such farms which the joint Romanian-Dutch company will build around Bucharest and other large towns in Romania. (Bucharest ROMPRES in English 1307 GMT 2 Dec 92 AU)

TELEPHONE SYSTEM MODERNIZATION: New telephone numbers have been in use since 15 November. A digit was added to the old numbers in Bucharest and the digit 0 is now dialed before the area code in the case of long-distance calls. One of the reasons behind the changes was the need to observe the recommendations made by the International Telegraph and Telephone Consultative Committee, said engineer Dan Paul Stefanescu, Romtelecom technical director. Referring to the present Romtelecom equipment, Stefanescu said it was of an electromechanical type and very old. There are Pantaconta-type exchanges that date to 1965. A highly modern Alcatel-type urban digital exchange with 14,000 lines is currently operating in Bucharest in addition to the Siemens-type exchange, both with direct access to international lines. From 1993 to 1994, roughly 540,000 lines will be introduced in digital exchanges which will virtually cover the needs of Bucharest and the major cities nationwide, Stefanescu stressed. We have a feasibility and programming study in progress with a French institute for the development of telephone service over the next 15 years, Stefanescu

said. By 2005 we will have roughly 6,200,000 subscribers, or 25 percent of the population, compared with only 10 percent at present. It is assessed that this program will cost around \$11 billion. The money will come from long-term external loans. Stefanescu also referred to a recent cooperation venture between Romtelecom, Romradio, and Telefonica of Spain, which will provide for commissioning a cellular telephone system for Bucharest with 3,000 lines in March 1993. In the years to come, such cellular exchanges will become available in Constanta and Brasov. (Bucharest ROMPRES in English 1514 GMT 19 Nov 92 AU)

EFTA NEGOTIATIONS NEAR FINAL STAGE: The third round of negotiations for a free trade agreement between Romania and the EFTA countries is continuing in Geneva. Based on the results of previous rounds, these negotiations may be about to close, and the agreement and its appendices may be initialed in early December. The agreement with the EFTA countries stipulates the creation of a free trade zone, primarily for industrial products. That was the main objective of the joint declaration of cooperation between Romania and the EFTA countries signed one year ago. Romania will be the third East European country after Czechoslovakia and Poland to benefit of such an agreement. (Bucharest ROMPRES in English 1744 GMT 24 Nov 92 AU)

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1999

Bakhtiyar Mamedov

Minister of Educa

Ministry of Educa

குத்தாட்டம் கூறுவதே நீண்ட நோய் மூலம் பிரபு விடுவதை அறிய விரும்புகிறேன்.

...and the law of the land is such that one
cannot be compelled by the law of the land to do
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and the first stage of the disease is characterized by a severe prostration, followed by a period of delirium, during which the patient is liable to fall into a coma. The second stage is characterized by the presence of the disease in the brain, and the third stage by the presence of the disease in the spinal cord.

experimental results, it will be found, form part of those which are the common property of most civil engineers.

and the other two were the same as the first, except that the last one was written in a different hand.

parasitism of the insect is very much facilitated and may readily form the chief source of income for

Figure 1. Diagram of elements within the new structure of the *Journal of Clinical Psychopharmacology*.

3. From discussions with I have been informed a decision is planned to go ahead with the project and the first stage will be to build a new bridge crossing over the existing bridge and around 2000 metres of road will be closed.

4. Following completion of construction of replacement bridge work will begin to widen the right of way from 6m to 10m. This will be done in three phases. The first will be to widen the present road from 6m to 8m. This will be followed by the second phase of upgrading the bridge. Once the bridge has been upgraded the third phase will be to widen the road to 10m. This will be done in two stages. The first stage will be to widen the road to 8m and the second stage will be to widen the road to 10m. The total cost of the project is estimated to be approximately \$1.5 million.

Section 6 Higher concepts of the experience of perception and classification based on the results of research.

3. Primary sources of the most interesting biological information have been collected and organized under one roof by the most competent people in their respective fields.

good example of a person who has been successful in his business, and I am sure he will be a good example to others.

3. A measure of the extent to which a particular group of patients with a particular disease or condition make up a significant proportion of a hospital who provide services to that organization, thus reflecting their economic value, and who represent the primary source of revenue for the delivery of health services.
 4. A measure of the number of hospital admissions per year, expressed as a percentage of the population of the area, and which is often used to describe the size of a hospital or the volume of its activity.
 5. The proportion of the total number of hospital admissions per year, expressed as a percentage of the total population of the area, and which is often used to describe the size of a hospital or the volume of its activity.

3. Transfer of experience between tasks in the same domain
and between different domains. Transfer of training on one task
to another task is often associated with transfer of skills from one
domain to another. This is often referred to as generalization.
Transfer of training can be either positive or negative. If the new
task is similar to the old task, transfer is usually positive. If the new
task is dissimilar to the old task, transfer is usually negative.

6. Progress of the year of 1900 was favourable and the performance by the country in the year 1900 was the best in the history of the institution of a public government in this province. The year 1900 was a period of the most intense and most active legislation by which great changes were made in the law of the land.

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Q. The court has been asked to consider whether the proposed acquisition by the company of the shares of the other shareholders of the company would be a prohibited transaction under section 107(1) of the Companies Act.

3. The paper following found which is written full size on one sheet of paper being a copy of the original of one of the best specimens of the genus and containing many of the best features. The specimen is well preserved and shows all the details of the body, head, mouth parts, legs, wings, antennae, etc., of the insect. The paper is well preserved and contains all the details of the insect.

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Republic of Kazakhstan and their rights and duties under the present Law, to make conditions for them to be realized, and to monitor their performance.

Article 15. The Ministryal Chamber of Deputies of the Immigrant Department

1. The decisions of the immigrant department on questions of personal residence in the republic shall be made, and their bearing arrangements adopted within the limits of the state and based on the characteristics of enterprises and organizations, including those in the private sector, have maximum there and are subject to review by all organs of control and law enforcement bodies, procurators and court-appointed registrars of facts of wrongdoing.

Matters concerning decisions of public enterprises, organizations and structures which have suffered by right or abuse from the administration of foreign and accused their residence and issued under its own fault in the past twelve days are handled. The most serious cases shall make 10 days. Other cases are permissible to consider within 10 days.

Article 16. The Status of Settlement, Reception, and Organization to the Immigrant Department

Enterprises, institutions and organizations are obliged to give the immigrant department timely information about a person's place of residence, including information about the place of residence of foreign citizens and stateless persons - others during their stay in their premises or transfer to other educational institutions, law enforcement organs - others immigrants holding residence in other universities and research institutions, and organs of control (police, procurators) - others immigrants leaving the place of residence in three ahead of schedule.

Chapter 3. Types of Immigration

Article 17. Refugee Status

1. The granting of refugee status to a foreigner who has suffered by immigrating to the republic is decided by each successive case by the immigrant department.

2. Members of the Kazakh diaspora who are living in other states and are forced to return to the Republic of Kazakhstan because of personal and pressure circumstances on their rights and freedoms, or because of a justified fear of the same, as well as for considerations of returning with their families, hometowns, are granted the status of refugee.

3. Countrymen and persons of the indigenous nationality who have left the territory of the Republic of Kazakhstan because of separation from their relatives, and persons who go to places of work and their descendants who are now returning to their hometowns are granted the status of refugee immigrants.

All other persons who are planning to the Republic of Kazakhstan the country receives have the status of immigrant.

Article 18. The Criteria of Personal Action

1. The decision by the Republic of Kazakhstan on an application system to persons of foreign residence is decided by each successive case by the President of the Republic of Kazakhstan.

2. A demand by a foreign state or organization from such a person who has suffered personal actions is received by the President of the Republic of Kazakhstan. The President of the Republic of Kazakhstan, if necessary, may issue the decision to a special commission that he forms or to a court to determine the circumstances and degree of responsibility for personal actions of the person who has suffered personal actions in the republic.

Article 19. Collective Immigration

Collective immigration is allowed on the basis of contracts and agreements of cooperation by individuals, except that the decision is made by the Cabinet of Ministers of the Republic of Kazakhstan.

Article 20. Family Immigration

1. Immigrants from other states who come to the Republic of Kazakhstan for family and family circumstances are not refugees.

2. The process of reviewing and processing the requests of families are an important procedure underlying the decision on the question of family immigration.

Article 21. Registration of Labor Immigration

1. Priority in reviewing labor immigration demands for obtaining highly qualified specialists from abroad is given to persons who are required for the interests of ensuring stability of the economy and its social and personnel.

2. Questions of admitting persons of the category of immigrants to the republic are decided by the Cabinet of Ministers of the Republic of Kazakhstan.

3. Migrant workers, entrepreneurs, technicians, and managers, regardless of their form of ownership, can enter the republic for work and return home again (including on a "leave of absence" basis) without loss of rights, which are the same as permanent residence in the republic and persons not on their long-term or permanent basis of residence.

4. A foreigner who is in the republic on a labor immigration basis and involving a change of employer must have a permanent place of residence outside of the Republic of Kazakhstan, if another agreement has not been made otherwise.

Chapter 4. The Authorization for Residence

Article 22. Classification of Authorizations for Residence

1. Authorizations for residence in the Republic of Kazakhstan are divided into temporary and permanent.

2. The question of issuing an authorization for the duration of all immigrants is decided by the immigrant department.

Article 23. The Temporary Authorization for Residence

1. The temporary authorization for residence is given to persons who have received refugee status by the procedure and to persons who are temporarily accommodated.

2. The temporary authorization for residence refugees and others may be prolonged. During this time they must undergo adaptation to new living conditions, which ensure them of a standard of living and determined positive attitude and a responsible attitude toward the rule of law of the Republic of Kazakhstan.

3. The temporary authorization for residence for a period of up to 3 years. Where necessary before the residence is renewed for a period of 3 years. The effective period of a temporary permit for residence may be determined at the request of the person who processes the application on the provision of the following requirements as well as on the interests of the immigration department.

4. A foreigner who has entered into marriage with a person living permanently in Kazakhstan is authorized for residence when they marry. The decision for them to acquire a temporary authorization for residence is made on the condition of the spouse in the previous item.

5. A foreigner whose authorization for residence has been lost who wishes to continue living in the republic after his/her return has commenced or has commenced may permit to be granted an authorization for permanent residence on the condition that the interests of the state above the state.

6. Upon expiration of authorizations for residence they are terminated fully, unless it is persons living in the Republic of Kazakhstan the authorization for residence, except other reasons that prevent to leave the Republic of Kazakhstan. Internal affairs organs are expected to receive notice of such a decision.

Article 24. The Permanent Authorization for Residence

1. The permanent authorization for residence issued to an immigrant who processes for a duration of 3 years of temporary residence.

- to create any types of enterprises whose organization does not contradict the legislation of the Republic of Kazakhstan;
- to acquire, either partially or completely, the property of state enterprises and enterprises based on other forms of ownership, and other property and the property rights associated with it. The right of possession and the right of use of plots of land under the procedures and under the conditions stipulated by the Land Code of the Republic of Kazakhstan are conveyed along with those objects in the transfer of the right of ownership of buildings and structures (including incomplete construction);
- to take part in the activity of other economically active subjects with his own property and property that is obtained on a legal basis;
- to utilize the property of legal persons and citizens according to agreement by the parties;
- to hire and dismiss any quantity of workers under terms of a contract or other terms that do not contradict the legislation of the Republic of Kazakhstan;
- to establish the forms, systems and size of pay and other types of income for working individuals who were hired;
- to formulate a program of economic activity, select suppliers and consumers for the products (work, services) produced, to perform work on a contract basis and deliveries for state needs;
- independently to establish prices, valuations and rate scales for the goods (work, services) sold, with the exception of cases envisaged by the second part of Article 18 of this Law;
- to open accounts at banks to keep monetary resources, and to carry out all types of settlement, credit and cash operations;
- to dispose freely of the profits (income) from business activity that remain after payment of taxes and the payment of other mandatory fees;
- to obtain income that is not restricted in size;
- to make use of various systems of social security and social insurance at his choice (state or non-state);
- to lodge a complaint under established procedure regarding the actions of state and other bodies that encroach upon his rights or legitimate interests;
- to act as a participant in foreign-economic relations and to carry out currency operations; and
- to carry out any other actions associated with business activity, if they do not contradict the legislation of the Republic of Kazakhstan.

Article 15. Obligations of the Businessman in Carrying Out Business Activity

The private businessman is obligated:

- to conclude contracts in accordance with labor legislation with citizens who are hired to work, as well as collective contracts upon demand with labor collectives;
- not to impede the unification of hired workers into professional unions to protect their socio-economic interests;
- to pay for the labor of individuals working under hire at a level no lower than the minimum amounts stipulated by legislation;
- to carry out measures to ensure ecological safety, the protection of labor, safety-engineering techniques, production hygiene and sanitation, guided by prevailing statutes and norms;
- to obtain special permission (licensing) for activity in spheres that are subject to licensing in accordance with legislation, and
- to observe other requirements stipulated by legislation of the Republic of Kazakhstan.

Article 16. Licensing of Private Business Activity

1. The types of business activity subject to licensing, as well as the procedure for it, are determined by the Supreme Soviet of the Republic of Kazakhstan.
 2. The license is issued by a state body authorized to do so upon application by an interested person, no more than a month's time from the day of submission of the application.
 3. In cases where the available documents on the formation, fields, qualification and state of the technical means (equipment, mechanisms, means of transport and other) subject to exploitation testify to the presence of a level at which the business activity being implemented will not pose a threat to society, the environment or life and health, the license is issued on the basis of the documents submitted without any additional verification.
 4. A refusal to issue a license may occur for grounds envisaged in the Law.
- A justified refusal in written form is issued to the applicant in a refusal.
5. If a license is not issued in the time period stipulated by this article or the refusal seems to the businessman to be unfounded, he has the right to submit a complaint to a people's court at the location of the body that does the licensing.
 6. The court, having established an instance of unsubstantiated refusal, decides on the issue of a license, which

should be executed by the body that accomplished licensing within a three-day period from the time of receipt of the court's decision.

The court at the same time exacts a fine from the party in the amount of 1,000 to 5,000 rubles. The fine is imposed in the event of violations of the demands stipulated for the issue of a license.

The same actions committed repeatedly over the course of a year after the imposition of the penalties entail a fine of 5,000 to 10,000 rubles.

7. The licensing of business activity is performed in accordance with Article 19 of this Law.

8. A fee of 500 rubles is charged for the issue of a license.

Article 17. Bank Support for Private Businesses

1. The relations between banks and their clients are of a contractual nature. The fee for bank services, the magnitude of commission compensation for bank operations and the interest rates for their credit are determined by agreement of the parties.

2. Private businessmen independently select the bank for credit, settlement and cash services, and may be served for all types of banking operations at one or several banks, including foreign ones, and open accounts at banks, including hard-currency accounts, at their discretion.

3. Private businessmen independently dispose of monetary funds in bank accounts, making transfers with their counterparts in both cash and non-cash form in both national and foreign currencies.

Private businessmen receive their monetary resources from the servicing banks in any form acceptable to them (checks, bills or other payment documents as stipulated by law) upon the first demand, without restriction on the amount and within the limits of the funds available in their accounts. In the event of a failure to fulfill a client's demand for the issue of money, the bank pays a penalty in the amount of 0.5 percent of the amount not issued every day of delay.

4. Restrictions on the activity of commercial banks in their operations on social, anti-inflationary and other extraordinary grounds, including the establishment of restrictions on clients' use of their own money accounts at the banks (the freezing of accounts), restrictions on the issue of cash or the amount of cash investments of banks, the establishment of limitations or changes in interest rates for active and passive operations or limits for commission compensation worsen the terms of banking service for private businessmen may be established only by the Supreme Soviet of the Republic of Kazakhstan and only for a term of no more than one year.

TAJIKISTAN

Republic Law on Education

Text of Law

92/1807/134 Dushanbe NARODNAYA GAZETA
in Russian 29 Jul 92 pp 2-4

(Draft Law of Republic of Tajikistan on Education)

[Text] This law is intended to secure the exercise of the constitutional right of citizens to education within the territory of the republic and to lay the legal foundation for other legislative enactments of the Republic of Tajikistan pertaining to educational matters and promulgated in accordance with this law.

The Republic of Tajikistan will conduct a sovereign state policy in the sphere of education in accordance with the Constitution, the Declaration of the State Sovereignty of the Republic of Tajikistan, and international agreements and pacts, as well as the Universal Declaration of Human Rights, and will assign priority to the educational sphere.

Subdivision I. General Provisions

Section 1. Purposes of Educational Legislation

The legislation of the Republic of Tajikistan on education will serve the following purposes:

1. The regulation and development of relations between parties to the educational process.
2. The satisfaction of the educational needs and requirements of republic citizens and the protection of their constitutional right to education.
3. The definition of the principles of state policy in the sphere of education and the reinforcement of legality in this sphere.
4. The establishment of legal guarantees for the free functioning of educational establishments and the regulation of their relations with other spheres.

Section 2. Principles of State Education Policy

The Republic of Tajikistan will make its own decisions on educational matters and will be guided by the following basic principles:

1. The scientific, secular, and humanistic nature of education.
2. The connection between education and the national-cultural traditions of the Tajik people and other ethnic groups in the Republic of Tajikistan.
3. The integrity of the educational system and its continuity on different levels, and public access to education in state establishments of academic instruction.

4. The protection of the individual against all forms of discrimination in the educational sphere.

5. The democratic state-public management of education. The accessibility of the educational system and the independence of state educational establishments of the ideological aims and decisions of parties and extraparliamentary movements.

6. The offer of the main types of education and instruction in state establishments of academic instruction free of charge.

Section 3. Right of Citizens to Education

1. Citizens of the Republic of Tajikistan will have the guaranteed right to a free education within its territory, irrespective of origin, gender, language, race, nationality, social and property status, type and nature of occupation, place of residence, beliefs, religious affiliation, and attitude toward religion.

2. Citizens of the Republic of Tajikistan will have the right to choose educational establishments, forms of instruction (full-time, evening, correspondence, external studies, and others), and the language of instruction. The Government of the Republic of Tajikistan will approve a list of occupations and specialties in which academic requirements cannot be satisfied by external studies.

3. To allow citizens needing social protection and assistance to exercise their right to education, the state will pay all or part of the cost of their maintenance during the period of instruction and will encourage charitable assistance for these students.

4. The state will encourage individuals with exceptional ability, give them social assistance, establish special grants, and send them to study abroad.

5. Foreign citizens will receive an education in the educational establishments of the Republic of Tajikistan in accordance with intergovernmental treaties and agreements, and foreign citizens living in the republic will receive the same education on general grounds.

6. The graduates of state and non-state educational establishments will have equal rights to be admitted to educational establishments on the next academic level.

Section 4. Language of Instruction

1. The Republic of Tajikistan will guarantee its citizens the freedom to choose a language of instruction and will provide them with a general secondary education in the official state language, or in the native languages of citizens of other nationalities in locations densely populated by these nationalities.

All non-Tajik establishments of academic instruction and academic groups, irrespective of their departmental

jurisdiction, will teach the state language and fluency in this language in accordance with the decisions by the Republic of Tajikistan Ministry of Education.

2. The freedom to choose a language of instruction to be secured by the establishment of the necessary conditions in educational establishments, classes, and groups of necessary type and the creation of the necessary conditions for their functioning.

Section 5. State Educational Standards

State educational standards in the Republic of Tajikistan will set the basic requirements for the education of the graduates of academic institutions. The procedure for setting and instituting state standards will be determined by the Government of the Republic of Tajikistan.

Subdivision II. Educational System

Section 6. Maintenance and Structure of Educational Establishments

1. In accordance with the Constitution of the Republic of Tajikistan, the republic will have a unified type of continuous education, providing citizens with general education and vocational and special training, preparing personnel with advanced training and retraining, promoting the moral education and thorough development of the individual.

2. The following will be categorized as educational establishments:

- pre-school establishments;
- general educational establishments;
- special establishments of academic instruction;
- extracurricular establishments;
- vocational establishments (elementary and secondary specialized, production-training complexes, academic institutions, etc.);
- establishments for supplementary education and educational services.

3. Educational establishments may be:

- public or private;
- tuition-based or free;
- commercial or non-commercial.

4. The state educational establishment will be an autonomous legal entity and will be founded according to the procedure established by legislation of the Republic of Tajikistan.

5. The non-state educational establishment will have the rights of a legal entity at the time of its registration according to the established procedure.

representatives of the unions from visiting the enterprises at which their members work for the realization of statutory tasks and the rights accorded by legislation.

Article 18. Guarantees for working people elected to trade union bodies who have not been released from their jobs

The following may not be subjected to disciplinary penalty:

employees elected to a trade union body and not released from their jobs without the consent of this body;

leaders of trade union organizations in enterprise subdivisions without the consent of the corresponding trade union body;

leaders of trade union bodies at an enterprise and union organizers without the consent of the corresponding trade union association.

The dismissal on the initiative of management of persons elected to union bodies and not released from their jobs is permitted, except in observance of the general procedure of dismissal, only with the prior consent of the union body whose members they are, and the chairmen and members of union bodies at an enterprise, only, in addition, with the consent of the corresponding trade union association. The dismissal of union organizers and union group organizers on the initiative of management is permitted only with the consent of the body of the corresponding union association.

Members of elective union bodies not released from their jobs are granted on the terms determined by the collective contract or agreement time off work with the retention of average earnings for the performance of social obligations in the interests of the work force, and also for the period of their short-term union training.

Members of elective union bodies are released from their jobs with remuneration in the amount of average earnings from union resources for the time of their participation as delegates at congresses and conferences convened by the unions and also in the work of their plenums and presidiums.

Article 19. Guarantees for working people elected to trade union bodies and released from their jobs

Employees released from their jobs as a consequence of election to elective office in trade union bodies are given back, at the end of their elective term of authority, their former job (office), and if it is not available, another equivalent job (office) at the same or, with the employee's consent, another enterprise.

If it is not possible to give back the corresponding job (office), the enterprise management at the former place of work and, in the event of liquidation of the enterprise, the trade union, retains for the employee his average earnings for the period required to find employment, but not for more than six months, and in the event of training for requalification, for a term of up to one year.

Article 20. Guarantees of the right to labor for employees elected to union bodies

Dismissal on the initiative of management of employees elected to union bodies is prohibited for two years following the end of the term of elective authority, other than in instances of the total liquidation of the enterprise or the employee's involvement in actions entailing dismissal in accordance with legislation. In these cases they are dismissed in the procedure specified by part one of Article 18.

Article 21. Property and financial rights of the unions and the enterprises under their jurisdiction

Trade unions and their bodies are, in accordance with legislation, legal persons.

Trade unions own, enjoy, and dispose of property and monetary resources which belong to them by right of ownership.

Unions are not liable for the liabilities of state, economic-planning, cooperative, and other public organizations, which, in turn, are not liable for the liabilities of the unions.

The sources and procedure of the formation and utilization of resources of the union budget are determined by the unions' bylaws.

The financial activity of the unions is exercised in accordance with these bylaws.

The sources of the income of enterprises and organizations belonging to the unions, the amounts of the resources they obtain, and the payment of taxes are monitored by the state financial authorities and the tax inspectorates in accordance with legislation.

In accordance with their statutory purposes and tasks, unions have the right to engage in the established procedure in foreign economic activity, to create union banks, insurance and stock companies, and joint commercial enterprises, to engage in publishing activity, and to form various funds.

Article 22. Enterprise obligations pertaining to the creation of the material conditions for unions' activity

The management of an enterprise makes available to the unions for use free of charge equipped premises necessary for their activity, the terms of the granting of which are determined by a decision of the work force, with the participation of management and the unions.

In accordance with the decision adopted at the time of the conclusion of a collective agreement, an enterprise hands over to the unions for their use free of charge buildings, premises, structures, and other facilities, and also recreational centers and child-youth and other health-and-fitness camps necessary for the organization

of recreation and cultural-educational and physical-cultural and fitness work with the working people and families which are on the enterprise's balance sheet which the unions rent.

The enterprise releases for the unions monies in the amount established by legislation for purposes defined by the collective contract.

The creation of other material conditions for the activity of the unions operating at an enterprise is regulated by the collective contract (agreement).

[Signed] I. Karimov, president of the Republic of Uzbekistan
Tashkent
2 July 1992

Decree on Implementation

923D0692B Tashkent NARODNOYE SLOVO
in Russian 29 Jul 92 p 2

[Decree of the Supreme Soviet of the Republic of Uzbekistan: "Implementation of the Law of the Republic of Uzbekistan 'On Trade Unions, Rights and Guarantees of Their Activity'"]

[Text] The Supreme Soviet of the Republic of Uzbekistan resolves:

1. To implement the law of the Republic of Uzbekistan "On Trade Unions, Rights and Guarantees of Their Activity" as of the moment of publication.
2. To establish that until legislation of the Republic of Uzbekistan is brought into line with the law of the Republic of Uzbekistan "On Trade Unions, Rights and Guarantees of Their Activity," current legislative instruments of the Republic of Uzbekistan apply where they are not in conflict with the said law.
3. That the Cabinet of Ministers under the president of the Republic of Uzbekistan will within three months:
 - submit to the Supreme Soviet of the Republic of Uzbekistan proposals concerning the alignment of legislative instruments of the Republic of Uzbekistan with the law of the Republic of Uzbekistan "On Trade Unions, Rights and Guarantees of Their Activity";
 - bring decisions of the Government of the Republic of Uzbekistan into line with the law of the Republic of Uzbekistan "On Trade Unions, Rights and Guarantees of Their Activity";
 - provide for the revision and enrollment by ministry, state committees, departments, and concern management of the Republic of Uzbekistan of their enforceable instruments which conflict with this law.
4. To recommend that the Council of the Federated Trade Unions of Uzbekistan participate in the work of the Cabinet of Ministers under the president of the Republic of Uzbekistan.

2. The fact that a pedagogical worker is a member of any party or other social-political or religious organization within the guidelines of the Constitution of the Azerbaijan Republic cannot impede his educational activity.
3. It is not permitted to draw children who have not reached legal age into political actions.

4. It is not permitted to establish organizational structures for political parties or social-political movements in education institutions or education organs.

Article 8. Education and religion.

1. Education in the Azerbaijan Republic is secular.
2. Religious educational institutions can also operate on a general secondary school education basis, equal with secular educational institutions.

Article 9. Language of education.

1. The language of instruction in educational institutions in the Azerbaijan Republic is Azerbaijani.
2. One can receive an education in other languages, including foreign languages, in Azerbaijan's educational institutions in accordance with the wish of citizens and the demands of the society; at this time the Azerbaijani language, Azerbaijan's history, Azerbaijan's literature and Azerbaijani geography will also be taught within the guidelines of the state standard.
3. The right to select the language of education is guaranteed by way of establishing the conditions for starting a class or group according to the relevant rule.

Article 10. State education standards.

1. State education standards of the Azerbaijan Republic are to be applied. State standards determine the maximum instructional burden, the minimum content and scope of the educational program of students being educated in educational institutions of various types, along with other demands, and the necessary level of preparedness of graduates.
2. The state guarantees the objective evaluation of the level of education and specialized-vocational level of every citizen, no matter what the form of education. In order to implement this function independently, the State Certification-Diagnostic Center is being established within the Ministry of Education. The government of the Azerbaijan Republic is to submit its statutes.
3. The rules on the application and implementation of state educational standards will be defined by the government of the Azerbaijan Republic by conveying their state-public character.

Article 11. The diplomas.

1. State-accredited educational institutions (other than preschool institutions) will give a state document in one

form to graduates completing these educational institutions and on their specialization and level they received.

2. The state document on education is a necessary basis to begin relevant work activity and enter an educational institution at the next level.

PART TWO. THE EDUCATION SYSTEM.

Article 12. The education system concept.

The education system of the Azerbaijan Republic consists of the content of progressive educational programs which are various levels of ranking, the network of education institutions which implement it, and other organizations connected with the educational process.

Article 13. The main duty of the educational system of the Azerbaijan Republic.

The educational system of Azerbaijan has taken on the historical duty of forming an individual possessing deep and all-round knowledge, ability, practical preparedness, high culture and a democratic worldview and who is constantly trying to develop this; one who is connected to his roots, the traditions of freedom and democracy of the people of Azerbaijan, who is deeply aware of the national, moral, humanistic, and spiritual-cultural values of the people, protects and develops them; who loves his fatherland and nation and constantly tries to elevate them; who has mastered the resources created by Islamic morality and values common to mankind; who respects human rights and freedoms; who thinks independently and creatively; a HUMAN BEING able to raise healthy compatriots capable of standing with citizens of the most advanced countries of the world in terms of knowledge, high moral and spiritual qualities, and democratization, and who can build a highly civilized society by eliminating the backwardness remaining from a colonialist regime through this, and to turn Azerbaijan into one of the most democratic, developed democratic states in the world. The educational system of the Azerbaijan Republic serves the current and strategic interests of the people and state of Azerbaijan.

Article 14. Education programs.

1. The education programs of the Azerbaijan Republic will be implemented as below:
 - general education programs;
 - vocational-specialized programs;
2. General education programs include:
 - preschool education programs;
 - elementary, basic, secondary general education programs;
3. Vocational-specialized programs include:
 - technical-vocational programs;
 - secondary specialized education programs.

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—certified advanced teachers, masters,

6. At all levels of education there are specialized educational institutions which are:

Article 15. The educational system.

The educational system of the Azerbaijan Republic is defined by the state as a system of general education, secondary education, technical and vocational education, post-secondary education, specialization in higher education, self-reliant

Article 16. Education.

1. Education is a state guarantee of the right to the structure of the educational system.

2. Education is a state guarantee of the right to education —state and public;

—paid or free;

3. State education is the right of all citizens of Azerbaijan.

4. An educational institution is a state-owned legal person, the Azerbaijan Republic is the owner of the Azerbaijan Republic.

5. A private educational institution is a registered entity in the Azerbaijan Republic.

6. The basic principles of the educational system are to be determined by law and appropriate regulations.

Regulation of the educational system are the responsibility of the Azerbaijan government.

Statutes are passed by the Azerbaijan government.

7. Educational institutions are state-owned educational institutions, educational production, administrative, production, educational, teaching, research, and other structures.